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## Clinton Pledges \$900 Million for Palestinians to Reinforce Peace

U.S. Urges Other Rich Nations to Contribute Funds to Raise Total of \$2.3 Billion in Aid

By Philip Shenon

New York Times Service

WASHINGTON — The United States pledged \$900 million in aid to the Palestinians on Monday and pressed other wealthy nations to dramatically increase economic assistance to encourage the Palestinians to stick to the peace process with Israel.

The American aid package, announced by President Bill Clinton at a one-day international donors' conference here, would total \$900 million over the next five years, officials said. In all, they hope the conference will raise \$2.3 billion for the Palestinians, the amount pledged at the last major donors' conference in October 1993, shortly after the Oslo peace accords.

Mr. Clinton said his administration planned to increase U.S. aid by \$400 million and to maintain the current \$100-million-a-year assistance program for five years.

The conference was led by Secretary of State Madeleine Albright, and attended by Mr. Clinton, Yasser Arafat, the Palestinian leader, and the foreign ministers of Saudi Arabia, Egypt and other Arab nations.

The Israeli foreign minister, Ariel Sharon, did not attend because of what American officials described as domestic political turmoil. The Israeli team was led instead by the director-general of the Foreign Ministry, Eytan Bentsur.

Mr. Arafat arrived in Washington on Saturday and had lunch Sunday with Secretary of Commerce William Daley and a group of 15 American business leaders. He also met groups of Arab Americans.

In past years, much of the American aid money for the Palestinians has been used for infrastructure, including the paving of roads that knit together scattered towns and villages in the West Bank and Gaza.

U.S. aid to the Palestinians was increasing, in part because of promises that Mr. Clinton made to Mr. Arafat's Palestinian Authority and to Israel that Washington would pick up much of the bill for the land-for-peace plan that was hammered out in negotiations last month in Wye, Maryland. The Israelis are ex-

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President Bill Clinton greeting Yasser Arafat on Monday at the Middle East aid donors' conference in Washington. Secretary of State Madeleine Albright, left, led the conference.

## China Vows to Stay the Course

Aides Deny That Enthusiasm for Reform Is Waning

By Elisabeth Rosenthal

New York Times Service

BEIJING — Seeking to counter recent reports that China's ambitious economic reform plan is losing steam, Chinese officials strongly restated their intention Monday to overhaul the country's debt-ridden system of state-owned industries by the end of 2000, streamlining larger companies and generally allowing smaller ones to be sold to private owners or to go bankrupt.

Acknowledging that the task had proved more difficult than anticipated, in part because of the Asian financial crisis, Sheng Huaren, the head of the state economic and trade commission, nonetheless insisted that the country had made significant progress toward its goal of

establishing a more "modern corporate system." "The goal of lifting the great majority of state-owned enterprises out of difficulty in three years is absolutely achievable," Mr. Sheng said, although he also noted that China had encountered "unprecedented issues and difficulties" since the beginning of the year.

In general, it remained unclear whether the government's plan for rapid industrial downsizing and economic restructuring that Mr. Sheng forcefully endorsed Monday is entirely realistic, particularly given the fact that many Chinese are already suffering economically — from severe floods last summer, from the massive economic slump in the rest of Asia and from the country's already rapidly

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## Deutsche Bank To Chop 5,500 Jobs Bankers Trust Takeover to Save Companies \$1.7 Billion a Year

By John Schmid

International Herald Tribune

FRANKFURT — Deutsche Bank AG said Monday that its \$10.1 billion takeover of Bankers Trust Corp., which will create the world's biggest financial company, will cost 5,500 jobs, even as it is expected to save the companies \$1.7 billion a year.

The job cuts overwhelmingly are earmarked for New York and London as Deutsche Bank moves rapidly to integrate Bankers Trust, the eight-largest U.S. bank, into the fold of Germany's biggest banking company.

Dismissing investor concerns about a Frankfurt-versus-Wall Street clash of corporate cultures, Deutsche Bank spelled out details of an "integration team" and a 4 billion Deutsche mark (\$2.35 billion) capital increase to help finance the acquisition, Deutsche Bank said it hoped to complete the acquisition by May and list its shares in the United States in the summer.

"Speed is of the essence," said Rolf Breuer, the chief executive. His outline of Deutsche Bank's strategy was the first since the terse announcement last week that the company was in advanced talks with Bankers Trust. The agreement was signed Monday after both companies' boards approved it Sunday.

Deutsche Bank shares, which finished Monday down 1.25 DM at 104.70 DM, had been flat since the preliminary announcement as investors remained unsure of Deutsche Bank's ability to bridge the corporate cultures, said Michael Klein, industry analyst in Frankfurt for Sal. Oppenheim Jr. & Co.

"The integration of cultures is the key point to the success of this takeover," Mr. Klein said.

Bemoaning what he called "false" reporting on the takeover, Mr. Breuer described the companies' cultural differences as "small."

"Deutsche Bank has its own culture, and Bankers Trust has its own culture," he said. "Both will be able to learn from each other."

The purchase of Bankers Trust will enable Deutsche Bank "to place its global business areas onto a trans-Atlantic platform," yielding \$1.7 billion in annual savings by 2001, Deutsche Bank said. Job cuts will account for much of those annual savings, effectively increasing the total cost of the acquisition. The combined staff of the two banks is 96,442.

Before any cost savings from the "synergies" kick in, Deutsche Bank will pay out about 2 billion DM in severance payments and \$400 million in bonuses and raises for the staff that it chooses to keep, Mr. Breuer said.

He predicted that earnings nevertheless would start rising as early as 2000. By 2001, earnings at Deutsche Bank will rise an estimated 10 percent to 15 percent, measured on a per-share basis, the bank predicted.

Analysis in Frankfurt, London and New York said they were surprised at the extent of the job cuts, which amount to 5.7 percent of the total work force. A Salomon Smith Barney Inc. analyst, Matthew Czepieliewicz, said he had expected 500 to 1,000 job losses in London and about twice that many in the United States.

The two banks jointly employ about 9,000 people in Britain, while Bankers Trust alone has 20,540 employees in the United States.



Rolf Breuer on Monday: "The integration of cultures is the key."

## For the Elite, A Huge Bonus For Staying On

By Timothy L. O'Brien

New York Times Service

NEW YORK — Deutsche Bank AG is expected to provide multimillion-dollar incentives to a handful of top Bankers Trust Corp. and Deutsche Bank executives to secure their services once the German banking giant completes its \$10.1 billion purchase of Bankers Trust.

Executives involved in the merger talks said bankers in this select group would receive at least \$10 million each to stay with the merged company for an undisclosed period of time, to help ensure that managers crucial to the merger's success are in place. Hundreds of other employees of the investment banking unit will receive smaller incentives, the executives said.

Although fat bonuses have never been known to be guarantors of long-term loyalty on Wall Street, those who will receive the largest financial incentives include at least six Bankers Trust executives and three Deutsche executives, all of whom will be overseeing the enlarged investment banking business created by Deutsche's purchase.

From the Bankers Trust side, the executives include the bank's chairman, Frank Newman; Mary Cirillo, who will run the new unit's global custody business; Yves de Balmann and Mayo Shattuck, who will jointly manage the new investment banking business; Ted Virtue, who will run corporate finance; and Robert Ferguson, who will supervise retail brokerage activities.

From the Deutsche side, the executives include Josef Ackermann, who oversaw Deutsche's investment banking business; Edson Mitchell, who will

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## Lawyer for Anwar Sentenced for Contempt of Court

Compiled by Our Staff From Dispatches

KUALA LUMPUR — A lawyer defending former Deputy Prime Minister Anwar Ibrahim was sentenced Monday to three months in prison after he refused to apologize for allegations that prosecutors tried to fabricate evidence against his client.

In a day of high drama and explosive allegations at Malaysia's federal courthouse, the presiding judge, Augustine Paul, adjourned Mr. Anwar's trial after sentencing Zaimur Zakaria for contempt of court.

Mr. Anwar, prevented by police from talking to his attorneys in the courtroom, angrily shouted to reporters that he could no longer get a fair trial.

"I can't even discuss this with my lawyers now," Mr. Anwar said.

"Where is justice?"

Mr. Anwar was arrested Sept. 20, about two weeks after he was fired as prime minister and finance minister. His subsequent jailing and beating in custody have led to international headlines in the case and support for fledgling political reform movements.

Judge also issued a warrant for arrest of another lawyer, Manjeet Singh Dhillon, who works closely with Anwar's defense team.

Mr. Zaimur later won a reprieve from the court of appeal, which granted a stay of the sentence pending a hearing Friday.

As Mr. Zaimur left the courthouse, he was greeted by hundreds of chanting well-wishers.

"We want justice," the group of lawyers and their families shouted as Mr. Zaimur walked down the steps with his wife and children, visibly shaken but still smiling after being granted bail of 10,000 ringgit (\$2,600).

"We are shocked, completely

shocked," one lawyer said, adding that the three-month sentence was a "blow to every lawyer in this country."

Another lawyer hailed Mr. Zaimur as "brave" for refusing the judge's repeated offer to drop the charge if he apologized to the court for his actions.

"He is our hero," said the lawyer, who asked not to be named.

Efforts were meanwhile being made to call an emergency meeting of the Malaysian bar council to discuss Mr. Zaimur's case.

In another development, the police rearrested an opposition leader, Tian Chua, on Monday as a court released him on bail on charges of illegal assembly. It was the third time the chairman of the People's Coalition for Democracy had been detained.

As soon as his sister and the lawyer came out the courtroom with him, two plainclothes policemen approached them," said Elizabeth Wong, of the human rights group Voice of the Malaysian People, where Mr. Chua also works.

Miss Wong said one of the officers told Mr. Chua, "We are arresting you," before bundling him into a police van.

Mr. Anwar, dismissed by Prime Minister Mahatir bin Mohamad on Sept. 2, has pleaded not guilty to the four cor-

ruption charges.

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## AGENDA

### Reno Asks for More Time on Ickes Case

WASHINGTON (AP) — Attorney General Janet Reno delayed a decision Monday on whether an independent counsel should investigate whether Harold Ickes, a former top White House aide, committed perjury before a Senate committee, officials said.

She requested that a special court allow her 60 more days to review the case, according to officials and people familiar with the case.

There was no explanation of how she would spend the extra time. Ms. Reno asked the court to seal her reasons for requesting the delay, according to people familiar with the case.

### Polisario Accepts Plan

TINOUF, Algeria (Reuters) — Secretary-General Kofi Annan of the United Nations said after talks Monday with Polisario Front leaders that he had won a clear "yes" from them on his peace plan to resolve the long-running Western Sahara dispute.

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### The Dollar

New York	Monday 4 P.M.	Previous Close
DM	1.884	1.7127
Yen	123.135	123.04
FF	5.8815	5.7445
Pound	1.6478	1.6538

### The Dow

Monday Close	Percent Change
-218.53	-2.32%
S&P 500	
-28.59	-2.40%

### Nasdaq

-66.88	-3.32%
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### U.S. Stocks Tumble On Profit Concerns

U.S. stocks plunged Monday, with the Dow Jones industrial average falling 2.3 percent, in a late sell-off by computer companies and banks. Investors scaled back their expectations for fourth-quarter profits for those sectors. Page 12.

## Volvo Cuts Its Work Force By 7% in Europe and U.S.

By John Tagliabue

New York Times Service

ROME — Volvo AB, the Swedish maker of cars, buses, trucks and construction equipment, said Monday it would lay off more than 7 percent of its work force, or 5,300 workers, by the middle of next year as part of plans to increase productivity and boost profits.

The cuts will be divided half-and-half between Europe, where Volvo is the last of the small, high-volume independent automakers, and the rest of the world, including 1,000 job cuts in the United States.

Volvo hopes to lower costs by \$367 million a year by the cuts, which are the latest in the European automobile industry as it braces for slower sales in emerging markets and reduced growth in Europe and the United States. Volvo, which backed out of a merger with the French car maker, Renault, in 1994, faces tough conditions as it seeks to expand its international reach particularly by moving into developing markets abroad.

"It's quite aggressive," said John Lawson, an auto industry analyst at Salomon Smith Barney in London. He said

the cuts were to assure growth in operating profits as Volvo completes an overhaul of global operations launched in 1997. "But the scale is a bit bigger than foreseen."

Volvo has had to act aggressively to resist the growing pressures from reshuffling in the global industry, exemplified by Daimler-Benz's recent takeover of Chrysler to form DaimlerChrysler.

Earlier, BMW of Germany swallowed Rover of Britain, and Volkswagen assembled a stable of brands, including Lamborghini of Italy, thanks to acquisitions. Fiat now controls Alfa Romeo, Ferrari and Maserati, three legendary sports-car brands.

Volvo has decided to close three bus factories in Western Europe and concentrate production in a new plant in Poland.

In October, Volvo said it would close a car assembly plant in Halifax, Nova Scotia, eliminating 195 jobs. The cuts announced Monday are in addition to the job losses in Canada. Last month, Volvo invested \$150 million to acquire the second-largest bus manufacturer in

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## Niger's Open Mike / 'Journalism Goes With Democracy'

## Where Talk Radio Means Walk Right In

By Felicity Barringer  
New York Times Service

NEW YORK — In the scattered cities of Niger, they have talk radio of a different kind. It is more like walk-in radio. On Saturday and Sunday mornings, farmers and merchants and homemakers gather outside the independent stations run by Radio Aniani in Niamey, Maradi and Zinder to await the start of a two-hour program.

They want to talk about their children's health or the price of tomatoes or the latest decree of the military government of Ibrahim Bare Mainassara. They want to talk about some of the news broadcast by Radio Aniani, such as reports translated from Voice of America or the German service Deutsche Welle.

"We don't take telephone callers and put them on the air," said Gremah Boucar, director-general of Radio Aniani.

Those who own telephones, he explained, are automatically considered rich, and "it shouldn't be such a small circle" of people doing the talking.

For a fee equivalent to about \$1 a year — not so small in a country where per capita share of the gross domestic product is \$200 a year — listeners can join Radio Aniani's club, which has 36,000 members.

Membership lets them talk to listeners and suggest programming changes or otherwise object to the material the stations broadcast. "The only way to really be free is to accept criticism," Mr. Boucar said.

In Niger, a landlocked country of 10 million people without radio personalities like Don Imus, Rush Limbaugh or Howard Stern, and without Arbitron ratings or democracy, radio is a truly intimate medium. When people want to talk, they walk in and talk.

When the military — or maybe it was just people in stolen military uniforms — wants to close down a station, it storms in and smashes the equipment.

When people who control the military or the police want to lodge a complaint about his news broadcasts, they take Mr. Boucar from home, stuff him in a bag, throw him on a flatbed truck and spend hours discussing how to kill him.

Mr. Boucar, a 39-year-old who saw a journalist for the first time when Niger's president came to his village of Maine-Soro 30 years ago, is about as distant from New York's and Washington's brand of journalism as possible. His country is remote and obscure, often confused with its richer and more populous neighbor, Nigeria.

His medium is radio. In the archipelago of settled communities in Africa, it is more ubiquitous and influential than any newspaper.

He and his editorial committee create their 20-hour-a-day schedule with a practical eye. They produce programs on health (ways to prevent AIDS or diarrheal illness in infants), the economy (the price of food) and politics (including pronouncements of Mr. Mainassara's political opponents).

Mr. Boucar's attitude toward his profession carries none of the overt cynicism about the business that tends to permeate discussions in this country.



Gremah Boucar, director-general of Radio Aniani: 'We don't take telephone callers and put them on the air. It shouldn't be such a small circle' of people doing the talking.

"It seems to me that journalism goes with democracy," he said. To practice journalism, therefore, is to give life to democracy. "My moral obligation," he calls it.

Such earnest simplicity can veer into the dreaded realm of platitudes. But that is the risk the Committee to Protect Journalists is willing to take when it gives out its International Press Freedom awards. At its annual dinner last week, the group honored Mr. Boucar and four other journalists, from Indonesia, Peru, Belarus and Eritrea, who have been persecuted, arrested, tried and otherwise hindered by governments that have little history of — or tolerance for — a free press.

THE ANNUAL DINNER was an occasion for some of the profession's most accomplished or just plain famous members to take a quick refresher course in the underpinnings of the business.

Sure, as on any occasion that mixes professional pride with expensive food, tuxedos and celebrity, it had its Tom Wolfe-ish moments. (What to do? Listen to Mr. Boucar's paean to democracy and a free press, or try to spot the actress Sharon Stone?)

Still, celebrity watching and financial prodding aside, the persecuted foreign journalists and their pampered domestic counterparts have something to offer each other. When Mr. Boucar was arrested, the

outcry of groups like the Committee to Protect Journalists, and the accompanying protests by American diplomats, helped free him, or so he says.

When Anna Zarkova, a Bulgarian journalist who covers her country's mafia, had acid thrown on her face, blinding one eye, as she walked down a Sofia street six months ago, it was the material and psychic support of groups like Committee to Protect Journalists and the International Women's Media Foundation that helped lift her from a profound depression, or so she told friends.

In return, Mr. Boucar offers a reminder that simple news broadcasts and open-mike programs and a willingness to reflect diverse political viewpoints can be a precious commodity in countries where the life expectancy of a person is less than 50 years and the life expectancy of a democracy is less than three.

After nearly 20 years, the event "still maintains its power," said Gene Roberts, the committee's chairman and a former managing editor of The New York Times. "If anything, it seems to increase each year. The dinner always runs an hour and a half too long. There's only one way to make it stay within space limitations — severely limit the time that the awardees have."

That, the group is unwilling to do — it would be like editing the apostles.

## French Jews See Signs Of Progress on Claims

By Craig R. Whitney  
New York Times Service

PARIS — It has been carefully preserved in the archives for more than 50 years, a handwritten receipt from the French Internal Police for 51,135 francs and \$450 seized from Henri Israel of Limoges on his arrival in the French concentration camp in Drancy, north of Paris, on Oct. 30, 1943.

Where he went — he and 11,000 others for whom similar receipts were made and kept during the German occupation in World War II — is known: the Nazi death camps at Auschwitz, where nearly 75,000 French Jews were sent. Few returned.

But what happened to the money? Has Germany or France made restitution? Has some French bank been using the money all this time, if it was not seized by the Nazis? If so, what kind of compensation should be made, and who should get it?

These are among the questions that France now appears to be ready to answer, according to Jacques Fredj, director of the Center for Contemporary Jewish Documentation and the Memorial to the Unknown Jewish Martyr, where many records are kept.

After 50 years of suppressing memories of what the collaborationist Vichy government did to the Jews under the Nazi occupation, French authorities have been trying harder since 1995 to do justice to their survivors. Government commissions are poring over long-closed files like the ones in the Jewish archive, in the once heavily Jewish district of the Marais in the heart of Paris.

But for French Jews, the question of how hard to push for restitution or compensation remains difficult. France did make a major effort to restore seized assets after the war, but then swept the loose ends under the carpet and mostly forgot about them.

"With Switzerland, everything was done wrong," Mr. Fredj said, referring to Swiss indignation over \$2 billion in claims that Holocaust survivors are pressing against Swiss banks for handling gold seized by the Nazis. But the Swiss, unlike the French, had not previously been confronted with charges of collaborating, wittingly or unwittingly, with the Germans during the war.

"Political pressure was put on the Swiss authorities before experts had done the necessary work to establish the validity and extent of claims," Mr. Fredj said. "Here it is much better to wait and find out what the experts determine before pressing any demands."

After the war, France tried to find heirs of death-camp victims and to restore property, cash and bank accounts

that the Nazis and their collaborators had seized from them and from the 225,000 to 250,000 other Jews living in France in 1940, when the Nazis marched in.

But many deported Jews never returned and had no survivors to claim their property. According to Henri Hajdenberg, president of the Representative Council of Jewish Institutions in France, 15,000 to 20,000 safe-deposit boxes and accounts seized from Jews went unclaimed after the war and stayed with the French banks holding them.

"Probably 70 percent of the bank assets were returned," Mr. Hajdenberg said. "But we don't know what the banks have been doing with the rest. Morally, there can be no question of leaving money that belonged to victims of the Holocaust in the hands of private or nationalized companies."

One group of survivors living in the United States brought a class action suit last year in federal court in Brooklyn, New York, against large French banks to recover assets such as these.

With an international conference on Holocaust-era assets starting Monday in Washington to discuss issues that museums, art dealers and collectors face in dealing with looted artwork, French officials have become more willing to consider new claims.

Last year, the government set up a panel under Jean Matteoli, a prominent banker and politician, to try to inventory every artwork, building and banknote illegally confiscated during the occupation, and determine what to do about those that could not be restored to their owners.

"We've made a lot of progress," said Adolphe Steg, a surgeon and Jewish civil leader who is a member of the Matteoli commission.

"There are hundreds of thousands of documents and other records that we have had to go through, but insurance companies and banks have studied their archives, too, and we are getting there. We expect to publish an interim report at the end of the year."

Prime Minister Lionel Jospin has announced an increase of nearly \$2 million in the commission's budget next year. He also said the government would create a new official body to examine individual claims by victims of anti-Semitic occupation laws and their heirs.

But Mr. Hajdenberg, a prominent lawyer, said the real question was what France should do to compensate for actions that are irreparable. "The essential, fundamental aspect of the restitution question is historical knowledge and its dissemination," he said. "This question should not be obscured by de-

## Czechs Wary of Reviving Communist-Era TV Hit

By Peter Finn  
Washington Post Service

PRAGUE — He was the archetypal television detective. Steely, smart yet high-hearted, with a nice Slavic chin, Major Jan Zeman always got his guy.

Between 1974 and 1980, Czechoslovak Television produced "Major Zeman's Thirty Cases," and the series, which used the country's best actors, directors and scriptwriters, was a critical smash. Czechoslovak viewers, unused to the crime genre and saddled with television that could best be described as gray, tuned in religiously, giving the innovative, exciting show stratospheric ratings.

"It was enormously popular," says Jakub Puchalsky, general director of Czech Television.

Small wonder then that "Major Zeman" seemed like a natural for a nostalgic revival on Czech Television when the idea was first mooted this year.

But nothing is simple in post-Communist Europe — not even reruns.

Major Zeman, to put it bluntly, was a comic.

His exploits as an apparition in the secret police were as much about ideological purity as entertainment. The series, in fact, was ordered up by the Central Committee of the Czechoslovak Communist Party, which launched the crushing repression that followed the 1968 democratic reform movement called Prague Spring. The aim was to humiliate the image of the secret police.

Thus, a fierce political debate has broken out. And in the Czech Republic, where "lustration," the exorcism of former Communists from all corners of society, was carried out with more gusto than elsewhere in Central Europe, Major Zeman is seen by some as just another despicable functionary best consigned to the dustbin of history.

"It was psychological manipulation of the masses and a certain part of society could still take it seriously," said Rudolf Husak, the secretary of the

Confederation of Political Prisoners, which represents the interests of people imprisoned by the Communist authorities.

Others, including Mr. Puchalsky, believe the show, viewed nearly 20 years after the last episode was made, is almost comical in its political affectations. Moreover, he said, the willingness to view "Major Zeman" and see it for what it is can help Czechs confront their past and also serve as a measure of the maturity of the country's democracy.

"It's a moral issue," Mr. Puchalsky said. "We're trying to give momentum to a discussion of the past. It's been 10 years since the revolution. Let's be mature and face history."

A major in the Státní bezpečnost, or StB, the secret police of the Czechoslovak Socialist Republic, Major Zeman entered the popular culture just as the regime was most virulent.

Each episode, about 75 minutes long, was built around an actual event that took place each year between 1945 and 1975.

Propaganda, not surprisingly, was Major Zeman's sidekick.

In one episode, a village police chief, under siege from alleged reactionary vandals, praises the 1968 Warsaw Pact invasion, which violently put down the Prague Spring.

"Last year, in '68," laments the police chief, "the locals broke my windows.... God knows what would have happened to me if those guys hadn't come."

Other episodes imply that nefarious American agents, employing alcoholic, sweaty reactionaries, foment all kinds of upheaval and murder among the good people of Czechoslovakia. Priests are also frequent targets. They were generally depicted as collaborators with the Nazis who still hanker for some good old fascism.

"I watched one episode recently," Mr. Puchalsky said, "and I laughed the whole way through it."

## TRAVEL UPDATE

## Strikes Set for Greece

ATHENS (AP) — Motorists filled their gasoline tanks and apartment managers rushed for heating oil Monday, fearing shortages because of a strike by customs officers.

The walkout is just one of many strikes planned this week in Greece. Railroad workers and doctors at state-run hospitals also began strikes Monday. Other work actions expected later in the week include bus drivers, tax officials and schoolteachers.

The strikes are part of the labor unions' growing opposition to proposed government fiscal reforms that are aimed at gaining acceptance for Greece in the European Union's single currency club by 2001. Teachers and others also are resisting changes sought to bring Greek education and business practices in line with the rest of the EU.

## Disruptions in France

PARIS (Reuters) — France's state-run railroad, the SNCF, warned Monday that train travel would be snarled for a fifth day Tuesday after conductors again extended their strike.

The SNCF said that the disruptions would spare the high-speed trains to London, Brussels, Brittany, Bordeaux and northern Europe and that service on the SNCF commuter trains serving the Paris region also would be nearly normal. But traffic between some provincial cities would be cut by as much as two-thirds, the officials said.

Engineers stopped work last Friday to demand the hiring of more employees.

Plans for a \$5 billion commuter railroad tunnel that would take passengers between Secaucus, New Jersey, and Manhattan's Pennsylvania Station have been drafted by three agencies, the Daily News said Monday. The 3-mile (8-kilometer) link, which would be the first tunnel built under the Hudson River since the Lincoln Tunnel's third tube was finished in 1957, also would connect Pennsylvania Station with Grand Central Station, the paper said. (Reuters)

## Chirac Joins Call to Keep Unclaimed Art

Reuters

PARIS — President Jacques Chirac, opening a new museum of Jewish art and history in Paris on Monday, said paintings looted by the Nazis in France and never claimed by their original Jewish owners should remain in the country.

Speaking hours before a conference on Holocaust-era claims opened in Washington, the French president said the issue of compensating descendants for their artworks plundered during World War II was now "a top priority."

But he echoed calls by French Jewish leaders for unclaimed artworks to stay in France rather than be auctioned off, possibly to foreign buyers, to raise funds for Holocaust survivors.

The World Jewish Congress said last week that these homeless works, which include paintings by Picasso, Matisse and Leger, were the "last prisoners of war" and should be "freed."

"Among the works on exhibit in this museum are some that were stolen from families that never returned from their long path of suffering," Mr. Chirac said at the Museum of the Art and History of Judaism in the Marais, the old Jewish quarter of Paris.



Mr. Chirac, right, at the inauguration Monday of the Museum of Judaism in Paris with Culture Minister Catherine Trautmann and Henri Hajdenberg of the Representative Council of Jewish Institutions in France.

"This is, of course, where these works should be," he said.

The museum, which traces Jewish life in France and Europe from the Middle Ages to the present day, exhibits 27 of the 2,658 seized artworks still being held by French museums, including the Louvre.

A catalogue details fruitless efforts to establish the exact ownership of the paintings in 1940, when the Germans occupied France, or explain why some survivors did not claim them after the

end of the war in 1945 even though they knew art was being returned.

Historians say the Nazis plundered 100,000 artworks from France, of which 61,257 were returned by Allied forces. A total of 45,441 items were handed back to the original owners or their families.

The museum, co-funded by the French state and the city of Paris, is housed in a 17th-century mansion that had been split up into workshops for Jewish craftsmen in the 19th century.

## WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Europe				North America				Asia			
City	High	Low	Wind	City	High	Low	Wind	City	High	Low	Wind
Algeria	11/22	8/16	SE 10	Atlanta	62/50	42/32	SE 10	Algeria	11/22	8/16	SE 10
Amsterdam	54/51	42/37	SE 10	Boston	54/42	34/24	SE 10	Ankara	11/22	8/16	SE 10
Antwerp	54/51	42/37	SE 10	Chicago	54/42	34/24	SE 10	Beijing	11/22	8/16	SE 10
Athens	54/51	42/37	SE 10	Dallas	54/42	34/24	SE 10	Bombay	11/22	8/16	SE 10
Berlin	54/51	42/37	SE 10	Denver	54/42	34/24	SE 10	Buenos Aires	11/22	8/16	SE 10
Bombay	54/51	42/37	SE 10	Detroit	54/42	34/24	SE 10	Calcutta	11/22	8/16	SE 10
Buenos Aires	54/51	42/37	SE 10	Houston	54/42	34/24	SE 10	Chengdu	11/22	8/16	SE 10
Calcutta	54/51	42/37	SE 10	Los Angeles	54/42	34/24	SE 10	Chongqing	11/22	8/16	SE 10
Chengdu	54/51	42/37	SE 10	Madrid	54/42	34/24	SE 10	Colombo	11/22	8/16	SE 10
Chongqing	54/51	42/37	SE 10	Moscow	54/42	34/24	SE 10	Dhaka	11/22	8/16	SE 10
Colombo	54/51	42/37	SE 10	New Delhi	54/42	34/24	SE 10	Delhi	11/22	8/16	SE 10
Dhaka	54/51	42/37	SE 10	Osaka	54/42	34/24	SE 10	Donghai	11/22	8/16	SE 10
Delhi	54/51	42/37	SE 10	Shanghai	54/42	34/24	SE 10	Donghai	11/22	8/16	SE 10
Donghai	54/51	42/37	SE 10	Seoul	54/42	34/24	SE 10	Donghai	11/22	8/16	SE 10
Donghai	54/51	42/37	SE 10	Singapore	54/42	34/24	SE 10	Donghai	11/22	8/16	SE 10
Donghai	54/51	42/37	SE 10	Taipei	54/42	34/24	SE 10	Donghai	11/22	8/16	SE 10
Donghai	54/51	42/37	SE 10	Tokyo	54/42	34/24	SE 10	Donghai	11/22	8/16	SE 10
Donghai	54/51	42/37	SE 10	Yokohama	54/42	34/24	SE 10	Donghai	11/22	8/16	SE 10
Donghai	54/51	42/37	SE 10					Donghai	11/22	8/16	SE 10

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THE AMERICAS

# Sticking With the Separatists They Know, Quebecers Shy From Liberal

By Steven Pearlstein  
Washington Post Service

**ST. JEAN SUR RICHELIEU, Quebec**—This was to be the spot at which Quebec would finally make peace with remaining in Canada. Instead, as voters went to the polls Monday to elect a new provincial government, they were expected to give a further lift to the province's long-simmering separatist movement.

This French-speaking city of 37,000 on the scenic Richelieu River has voted with the winning party in every provincial election of the past 40 years. And it was to be bellwether districts such as this one, where Quebec nationalism has stopped short of outright secession, that Canada's business and political leaders had sent their best man, the Liberal Jean Charest, to unseat the separatist government of the Parti Quebecois.

But weekend polls confirmed what several dozen interviews here revealed in recent days:

French-speaking Quebecers are willing to exist in a state of constitutional ambiguity for as long as it takes to achieve political independence.

"I'm voting for the man who can best protect the values of this province," said Pierrette Bouchard at the Carrefour de Richelieu shopping center last week. "And that's the current premier, Lucien Bouchard." She is no relation to the premier, but like many Quebecers, she regards him as a respected figure who can be trusted to "preserve our French language and our culture."

"We are not ready yet to be our own country, but we are not willing yet to put that dream aside," said Luc Nadeau as he sat on his fortuitous at Engineer Fibres Inc. He, too, was planning to vote for Mr. Bouchard's Parti Quebecois, as were most of his shop-floor colleagues.

It is this deep and smoldering nationalism among Quebecers that has confounded Mr. Charest since he switched parties in spring and returned

to his native province from the federal government in Ottawa to take charge of the once-mighty Liberal political machine.

From the beginning, Mr. Charest's pitch was that the only way to deal with the issues people cared about — high taxes, lagging job growth and deteriorating health care — was to put aside the threat of secession that would hang over Quebec and the rest of Canada as long as the Parti Quebecois was in power. Polls taken earlier in the year showed such a message would give the young and articulate Liberal a resounding victory over Mr. Bouchard and his aging band of separatist crusaders.

But Mr. Bouchard, 60, who has switched his time on separation five times in his long career, commiserated Mr. Charest on the independence issue with a strategy of studied obfuscation. Staring down hard-liners in his own party, Mr. Bouchard vowed not to hold another referendum on the issue unless he was sure it

would succeed. Until then, he vowed to use the threat of secession to win another round of constitutional concessions from Ottawa.

At every campaign stop in the past two weeks, Mr. Charest accused Mr. Bouchard of trying to snooker Quebec voters with his offer to remodel a constitutional structure he really means to destroy. He repaid his campaign bus to read, "No More Referenda."

But what appeared cynical and contradictory to Mr. Charest and much of the rest of English-speaking Canada sounded perfectly in tune with the thinking of "soft nationalists" who hold the key to elections here. These are French-speakers who think of themselves as Quebecers first and Canadians a distant second. While they have shaken about secession, they have never quite shaken the insecurity they feel at being part of a linguistic and cultural minority within Canada.

"We are comfortable with Mr. Bouchard's ambiguity on the sovereignty question because

we ourselves are ambiguous," said Renel Bouchard, editor of the newspaper Le Canada Français and also not a relative of the premier. "It is not manipulation. It's an accurate reflection of what we feel. You see, you have to be a strong nationalist to be successful in Quebec politics. Mr. Charest never understood that."

In the end, in fact, Mr. Charest found himself defending the constitutional status quo, which almost no one likes. And sovereignty was hardly the only issue on which he was outmaneuvered in the intense monthlong campaign. Mr. Charest won no points with his economic program, which called for an end to Mr. Bouchard's costly public day-care program, tougher laws against strikes by public employees and a freeze on new spending for a government investment agency. But when he backed off the program at the first sign of criticism, he alienated everyone from union leaders to the chamber of commerce, while prompting front-page headlines about his lack of backbone.

## Is Chelsea Fair Game?

As Spotlight Finds President's Daughter, The Issue of Journalistic Standards Arises

By Howard Kurtz  
Washington Post Service

**WASHINGTON**—For six years, the press followed an unspoken pact to avoid coverage of Chelsea Clinton, allowing the president's daughter to grow up outside the harsh glare of journalistic scrutiny.

That wall of silence was shattered last week when the New York Post ran a screaming headline — "CHELSEA'S HEARTACHE" — saying she had broken up with her boyfriend at Stanford and visited the campus medical center for stress-related symptoms.

Just days earlier, two supermarket tabloids — the National Enquirer and the Star — carried expose-style cover pieces on the 18-year-old sophomore.

"The mainstream press has been very respectful of the president and first lady's desire for privacy concerning their family and daughter," said the White House spokesman, Joe Lockhart. "The journalistic standards of some of the tabloids speak for themselves."

What about the New York Post, whose story — based on a "source" and "friend," both unidentified — was quickly picked up by The Associated Press and various radio stations?

"I wouldn't consider the New York Post part of the media," Mr. Lockhart said. "The only difference between the New York Post and the supermarket tabloids is the supermarket tabloids have color pictures."

The New York Post's editor, Ken Chandler, said that Chelsea Clinton "deserves privacy up to a point," but he added: "I don't see that this story was an invasion of privacy at all. She happens to be the daughter of the president."

The larger question is whether the children of celebrities should be just another juicy morsel for a voracious press. Some politicians, of course, thrust their kids into the spotlight. Vice President Al Gore, for example, spoke movingly at the 1992 Democratic convention about his young son's car accident.

But the first family has always been especially protective of the child who was born during Bill Clinton's first term as governor of Arkansas. Until they posed for People magazine, in 1992, many Americans were unaware that the couple had a daughter.

The supermarket tabloids zoomed in on the first daughter last month. The National Enquirer and the Star quoted a "campus pal," a "well-placed source" and an "insider" on how Chelsea Clinton was coping with the Monica Lewinsky affair. The Enquirer said that she had had a screaming match with her father and that her health was suffering. The Star said she was convinced that her parents would split up after they leave the White House.

The National Enquirer's editor, Steve Coz, said he had dropped his hands-off policy toward Chelsea Clinton when she adopted a high profile on Martha's Vineyard after President Clinton's Aug. 17



Chelsea Clinton with her parents on the South Lawn of the White House after returning from Camp David.

confession about the Lewinsky affair.

"She was the one shaking hands with everyone in the crowd," Mr. Coz said. "She was the one to demonstrate the family was still intact. They used her for publicity, basically. At that point, Chelsea crosses a line. She becomes part of the White House publicity machine."

Besides, he said, "at some point you stop being a kid."

The Star's editor, Phil Bunton, offered a similar rationale: "She's getting more mature. She's inevitably been dragged into a peacemaking role between her mother and father and the fallout from the whole Monicagate

thing. We felt, within some boundaries, it was all right to investigate her."

Tom Rosenstiel, director of the Project for Excellence in Journalism, said the free-wheeling media culture had agreed on one element of Washington coverage: that Chelsea Clinton was off-limits.

"Now," he said, "the tabloids, as their thunder is stolen by an increasingly sensationalist mainstream press, have decided they can distinguish themselves by breaching perhaps the last protected area of common decency."

Chelsea Clinton, he said, "didn't run for anything. She is an innocent here. What happens to her is not a matter of

consequence to the state or the public. This is purely a matter of gossip."

Dealing with celebrities' children has always been tricky terrain for the press. Most journalists don't want to be seen as exploiting the offspring in their pursuit of high-profile parents. But sometimes an event — a drug bust or a drunk-driving arrest — forces the children into the news.

By contrast, the cover of the Star one day last week served up a triple dose of adolescent invasion: "Monica to Chelsea: I'm Sorry," "Di's Grieving Son Treated for Depression" and "Secret Anguish of O.J.'s Daughter."

## Mayor on Track In Argentina for Presidential Bid

New York Times Service

**BUENOS AIRES** — The mayor of Buenos Aires, Fernando de la Rúa, has become the favorite to replace Carlos Saul Menem as president of Argentina by winning a landslide victory in a primary election to carry the banner of the center-left Alianza opposition coalition in the general election next October.

The balloting Sunday followed a primary campaign, which inspired little excitement, between Mr. de la Rúa, a cautious politician running on his record of improving the capital's finances, and Graciela Fernandez Meijide, a congresswoman from Buenos Aires Province who promised a full-scale attack against government corruption.

Mr. de la Rúa, 62, appeared to benefit from the strength of his Radical Party's political machine and a construction and tourism boom in Buenos Aires that has given the city a new image of prosperity.

Mr. de la Rúa declared victory three hours after the polls closed, pledging "a fight against corruption" if he won the presidential election.

"We want an Argentina with more jobs and more development," he said.

With 71 percent of the votes counted, Mr. de la Rúa led Mrs. Fernandez Meijide by 63 percent to 37 percent.

The two candidates ran a close race and around Buenos Aires, but Mr. de la Rúa pulled away with a big victory in the provinces.

## POLITICAL

### Clinton Seeks Medicare Boost

**WASHINGTON** — As part of his budget for the coming year, President Bill Clinton will propose expanding Medicaid and Medicare to allow tens of thousands of people with disabilities to retain their health benefits when they return to work, administration officials say.

Under current law, many of these people must, in effect, choose between working and keeping their health insurance coverage. If they take jobs and earn any significant amount of money, they jeopardize their disability benefits and the insurance coverage they receive through Medicaid and Medicare.

Many people with disabilities caused by severe injuries and chronic illnesses say they could work, thanks to advances in medicine and medical technology, but do not do so because they want to keep their medical benefits under the two government health programs.

Eight million disabled people of working age receive more than \$50 billion a year in cash benefits in the form of Social Security and supplemental security income payments. Fewer than 1 percent of them return to work. The definition of disability is strict; people qualify for benefits only if they are so disabled they cannot engage in any substantial gainful activity.

The number of people receiving disability benefits has risen sharply in recent years — 60 percent in the last decade. People are qualifying for benefits at younger ages and staying on the rolls longer than in the past.

The president's proposals would help people with HIV, the virus that causes AIDS, as well as people with kidney disease, spinal cord injuries, multiple sclerosis, various types of mental illness, and impairment caused by strokes and heart attacks. Medicaid, in particular, covers two items of great value to many people with disabilities: prescription drugs and the services of personal assistants or attendants, who help the disabled perform at home or at work. (NYT)

### Gay Policeman's Case Rejected

**WASHINGTON** — A California policeman suspended as a Boy Scout leader because he is homosexual lost a Supreme Court appeal Monday.

The Boy Scouts' ban on homosexuals has been challenged in California and other states, and the case of Charles Merino, an El Cajon policeman, is the first to reach the highest court.

The justices, without comment, refused to review a state court ruling that said Mr. Merino's suspension as leader of a law enforcement Explorer Post violated no U.S. state law. The appeal focused on an issue — the U.S. Constitution's equal-protection guarantees — not dealt with by a lower court. That factor is almost always fatal to chances of obtaining Supreme Court review.

The court action Monday does not resolve in any definitive way the legality of the Boy Scouts' policy on participation by homosexuals.

Mr. Merino became a Boy Scout adult leader in 1989 after applying for an Explorer Post charter from the national organization's San Diego County Council. The local program is for Boy Scouts, ages 14 to 20, and is sponsored by community organizations.

After learning that Mr. Merino was homosexual, the Boy Scouts in 1992 suspended his registration as an adult leader. The police department then discontinued the Explorer Post program. (AP)

### Quote/Unquote

Representative Lindsey Graham of South Carolina on the impeachment proceedings against President Bill Clinton: "He's still dancing on the head of a pin. Right now, to me, he is an unrepentant perjurer who should lose his job unless he changes his tune with the American people and reconciles himself with the law." (NYT)

## Dante Fascell Dies; Led Foreign Affairs Panel

By Eric Pace  
New York Times Service

**NEW YORK** — Dante Fascell, 81, a Florida Democratic congressman who was chairman of the House Foreign Affairs Committee from 1984 through 1992, died of cancer Saturday in Clearwater, Fla.

Mr. Fascell began serving on the Foreign Affairs Committee in 1957. He was a strong supporter of Israel and a fervent opponent of President Fidel Castro of Cuba.

He represented voters in Dade County and in the Florida Keys from 1955 through 1992, when he did not run for re-election.

Last month, President Bill Clinton awarded him the Presidential Medal of Freedom with a citation calling him "a man of reason and conscience" who was "courageous in war and public service."

Mr. Fascell strongly favored bipartisanship in foreign policy. In his last years in Congress he frequently voted with Republicans on foreign policy issues, particularly those involving Latin America.

His opposition to any softening of U.S. policy toward the Castro government and his backing of efforts by the administration of President Ronald Reagan to undermine the Sandinistas were welcomed by immigrants from Cuba and Nicaragua, who constituted 40 percent of the population of his district.

In the debate over U.S. policy after Iraq invaded Kuwait in 1990, and before the Gulf War in 1991, he was one of the leading Democrats who supported President George Bush's decision to send American forces to the area and to form a coalition with other nations to defeat Saddam Hussein.

In an interview last year, Mr. Fascell said he took pride in his fight for human rights abroad, particularly on behalf of people — known as "refuseniks" — who had been prevented from leaving the Soviet bloc. "Ultimately," he said, "our human rights effort helped lead to the disintegration of the entire eastern empire."

In domestic affairs, he was regarded as a liberal on social and environmental issues,

and he gained admiration from Floridians for his ability to direct federal money to projects he favored.

Sisana Sisane, 76, a veteran Laotian revolutionary and high-ranking member of the ruling Communist Party, died Friday, the official Laotian news agency KPL announced Monday. No cause of death was given. Mr. Sisane led active political life in 1987.

Claude Roussel, 79, a former member of the French Resistance who helped set up Agence France-Presse after the war and served as its director-general between 1975 and 1978, died Saturday in Antibes, France.

Valentin Bereshkov, 82, a Russian who interpreted for Stalin at conferences that President Franklin D. Roosevelt and Winston Churchill attended during World War II, died Nov. 20 in Claremont, California. At his death he was the Diane and Guilford Glazer distinguished visiting professor at Occidental College in Los Angeles.

Earl Kim, 78, an American composer whose music valued economy, precision and quietude, and who was an important mentor to younger composers during a 23-year career at Harvard University, died of cancer Nov. 19 in Cambridge, Massachusetts.

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## Away From Politics

• A police officer and a murder suspect were killed and a second suspect badly wounded in two shoot-outs that forced the closure of Los Angeles International Airport to automobile traffic for about six hours. The officer, Brian Brown, 27, was killed after he and his partner stopped two men wanted for a murder in Culver City. (Reuters)

• The astronaut crew for the first manned mission of the \$60 billion International Space Station has arrived at the Kennedy Space Center in Florida. The six-member crew is scheduled to lift off Thursday aboard the space shuttle Endeavour, carrying one of the first building blocks of the space station. The crew will attempt to connect its module to an unmanned Russian-built component launched 10 days ago. (Reuters)

• A federal judge and his ailing wife were found shot to death in their home in Mission, Kansas, federal authorities said. U.S. District Judge Earl O'Connor, 76, and his wife, Jean Ann, 66, were discovered after a nurse who regularly visited their home got no response at their door, the FBI said. (AP)

• An internal investigation of Miami-Dade county jails reportedly found that officers allegedly helped smuggle contraband to inmates, and a number of arrests are expected. A secret probe by the police and the FBI claimed that jail officers looked the other way or took part as marijuana and cocaine were brought to inmates in exchange for cash, jewelry and sporting equipment. The Miami Herald reported. (AP)

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## INTERNATIONAL

# Mitchell Back in Ulster To Try to End Impasse

By James F. Clarity  
New York Times Service

DUBLIN — The former U.S. Senator George Mitchell, who was instrumental in arranging the Northern Ireland peace agreement last spring, returned to the British province Monday to discuss with Roman Catholic and Protestant leaders the impasse that has stalled the peace effort.

On Sunday, Mr. Mitchell met at a hotel in Cork, southwest of Dublin, with the Irish Republic prime minister, Bertie Ahern, where they discussed the Northern problem after Mr. Mitchell received

two awards for his work as a peace-maker.

Mr. Mitchell said he was on an "entirely private" visit, and that while he was not officially representing the White House, he would brief Samuel Berger, the U.S. national security adviser, or his assistant, Jim Steinberg, later this week.

"I'm not surprised there are difficulties," he said in an interview. He said he was "encouraging all the people involved" to end the impasse. "It would be a huge tragedy if this were to fail because of inability to implement the agreement."

Officials and experts in Belfast, the Northern Ireland capital, and Dublin said his discussion with leaders indicated that the Clinton administration was worried about the possible breakdown of the agreement, which was approved in April but has come to a standstill over several issues.

The problems include the disarmament of the Irish Republican Army and the creation of new governmental structures that are to lead to more power for the North's Catholic minority.

Mr. Mitchell, who was chairman of formal peace talks until the agreement was reached April 10, said he was not considering a formal return to the peace effort as a mediator. He is now a lawyer in a Washington firm.

He talked with Gerry Adams, the president of Sinn Féin, the political wing of the IRA, and with the two leaders of the new Northern Ireland Assembly, which is to put the provisions of the peace agreement into effect in the next 18 months. The two leaders, David Trimble, a Protestant unionist and first minister of the Assembly, and his deputy, the Catholic nationalist Seamus Mallon, are to visit Washington early this month and are expected to seek meetings with President Bill Clinton.

He also spoke with John Hume, head of the Catholic mainstream Social Democratic and Labour Party, and David Ervine, head of the Progressive Unionist Party, which has ties to Protestant paramilitary groups. He did not talk with the Reverend Ian Paisley, the head of the hard-line Democratic Unionist Party, which boycotted the peace talks and attacks the agreement as treachery that will lead to the subjugation of the North into the Irish Republic.

Mr. Adams said he had spoken to White House officials over the weekend, asking for their intervention to break the impasse. Mr. Adams and his party have been excluded from the new provisional government being formed in Belfast until the IRA agrees to start disarmament. He claims, accurately, that the April agreement stipulates only that disarmament will take place by the time the agreement is fully enacted in the spring of 2000.

But Mr. Trimble insists disarmament must begin long before that. The IRA, which has held to a cease-fire for 16 months, refuses to disarm until the peace agreement is fully enacted.

## Well Enough Now, Pinochet Is Told To Leave Clinic

Compiled by Our Staff From Dispatches

LONDON — The private London clinic where General Augusto Pinochet, the former Chilean dictator, has resided since the end of October told him Monday to leave, saying he was well enough to be discharged.

A spokesman for the Grovelands Priory Hospital in north London said that General Pinochet no longer required its specialist medical care. "It is now the responsibility of General Pinochet's advisers to find alternative accommodation," he said. "It is hoped that General Pinochet will find alternative accommodation as quickly as possible."

The British police, acting on an international warrant issued by a Spanish judge, arrested General Pinochet on Oct. 16 while he was recovering from back surgery in London.

The general is on bail but remains under police guard.

Sources in London say that he will move this week to a luxury country home in Surrey, in southern England, while he waits to learn if he must remain in Britain to fight extradition to Spain.

The decision on whether to go ahead with extradition proceedings now rests with the British home secretary, Jack Straw.

Last week, Britain's Law Lords, sitting as the highest court in the land, ruled that General Pinochet did not enjoy sovereign immunity from prosecution.

Spanish government officials, who are said to be hoping that Britain will block General Pinochet's extradition to Madrid, have said they will not interfere in court decisions and will let justice run its course. (AFP, Reuters)



TOUGH WORDS — Rabbi Mordechai Ashkenazi, of the Haredic movement Habad, speaking at a convention in Israel in which he called Prime Minister Benjamin Netanyahu a "swindler" for ceding territory.

## DEAL: Deutsche Bank to Dismiss 5,500 in Bankers Trust Takeover

Continued from Page 1

To hold as many employees as possible, analysts said Deutsche Bank would need to strike a careful balance, giving Bankers Trust enough free reign to chase deals under its familiar aggressive formula while imposing German-style management, which by tradition is more risk-averse.

Asked how much autonomy is appropriate, Mr. Breuer said, "There is no such thing as autonomy of subsidiaries at Deutsche Bank."

"This transaction has no precedent," he added. "We must set a new standard."

Cost savings are not the "heart and soul" of the takeover, said the chairman of Bankers Trust, Frank Newman, who appeared in Frankfurt with Mr. Breuer.

Mr. Newman, who will have a seat on the new board, said that in the global economy an increasing number of companies would need financial advisors with "cross border" expertise.

Although the takeover fulfills a long-held dream for Mr. Breuer, who wants his bank to become a player on Wall Street, he said that Deutsche Bank's top priority remained Europe.

"In the future, we shall be a European bank with an American platform second to none," he said.

Deutsche Bank defended itself against critics who say it is wasting its capital in an expensive drive to expand into international investment banking, even as financial market turbulence has laid bare the shortcomings of such a strategy.

The combined bank will have assets

exceeding \$800 billion, relegating UBS AG of Switzerland to second place. UBS itself was formed this year by the merger of two leading Zurich-based banks.

The takeover gives Deutsche Bank the investment banking expertise of two small finance houses that Bankers Trust itself acquired in recent years. Alex. Brown & Sons Inc. has a staff of 2,000 that specializes in advising fast-growing technology and health-care companies, while Welfensohn & Co.'s 235 bankers assists clients that rank among the top 200 U.S. companies.

Deutsche Bank's purchase of Bankers Trust is the third in a wave of high-profile takeovers by German companies. Daimler-Benz AG just absorbed Chrysler Corp., and Bertelsmann AG completed its purchase of Random House in July.

## BONUS: For Some Bank Executives, a Big Reward for Staying On

Continued from Page 1

oversee global debt trading in the new business; and Michael Phillip, who will oversee the equities business of the merged company.

These executives will be members of the merged company's investment banking committee, which will be supervised by Mr. Ackermann and Mr. Newman.

The big payouts are being offered even though Deutsche has been badly burned in the past when it gave lucrative pay packages to secure what it believed to be top investment banking talent. Most notably, Deutsche went on an expensive shopping spree to build up its Deutsche Morgan Grenfell investment banking unit, with very little impact on the bank's bottom line.

Nonetheless, Deutsche has to do something to make sure that the acquisition goes as smoothly as possible, given the potential for client defections or a late start in snatching new business if the investment banking unit lacks direction and stability.

Deutsche already lost dozens of investment bankers this year who specialized in making deals in the high-technology business.

The bank is expected to retreat from its policy of awarding bonuses in the form of Deutsche Bank shares.

The senior ranks of Bankers Trust have been badly divided in recent months both because of the heavy trading losses the bank suffered in Russia and other emerging markets and by disagreement about how the bank was managing its risky junk bond business. Much

of the ill will growing from these problems has been directed internally at Mr. Newman, even though the economic downturn overseas affected a broad array of financial services companies.

Bankers Trust has also struggled to integrate the Baltimore brokerage firm Alex. Brown into its ranks. It acquired Alex. Brown last year, but a number of senior executives left over concerns about how it was being managed, and the unit has continuing morale problems.

But Mr. Newman, a former Treasury official, can play a valuable role helping to overcome regulatory hurdles in Washington. Deutsche is likely to face tough scrutiny about some of its industrial and financial holdings in Germany, as well as its involvement with the Nazi regime during World War II.

## DONORS: Aid for Palestinians

Continued from Page 1

pected to seek up to \$1.2 billion in additional aid as a result of the Wye agreement, while Palestinian officials sought the \$400 million in new aid.

The United States also hopes that an expanded aid package to the Palestinians will allow Mr. Arafat to blunt the influence of the radical Islamic militant organization Hamas, which has built public support by sponsoring medical clinics, schools and sports clubs.

State Department officials said that only two Arab nations, Syria and Lebanon, turned down invitations to the meeting Monday, just as they did when invited to the 1993 conference. Syria and the Syrian-controlled government of Lebanon have been harsh critics of the Israeli-Palestinian peace process.

Even as they spoke optimistically about the chances of increasing aid to the Palestinians, State Department officials acknowledged that they had effectively suspended plans to open a Middle Eastern development bank, an institution that they had once billed as a symbol of economic cooperation among Israel, the Palestinians and their neighbors.

Plans for the Middle East and North Africa Development Bank were announced in 1994. The bank, with the United States as its largest shareholder, was supposed to encourage Israelis and Arabs to work together with private investors on regional development projects.

But the United States was unable to get the main Middle Eastern partners in the project — Israel, Egypt, Jordan and the Palestinians — to agree on a charter for the bank. And without their support, State Department officials said, Congress refused to make a contribution to capitalize the bank.

### Violations of Accord Alleged

Israel and the Palestinians accused each other of gravely violating the peace accord Monday, with Prime Minister Benjamin Netanyahu warning that he could walk away from agreements altogether. The Associated Press reported from Ramallah, West Bank.

Mr. Netanyahu said statements by Mr. Arafat on his plans for independence in May were "serious and insufferable."

Palestinian negotiators dismissed Mr. Netanyahu's threats and said that continued Jewish settlement activity was destroying chances for peace.

Ahmed Qureia, speaker of the Palestinian Legislative Council, said Monday at the end of a session of Parliament that the council would "confront settlement activity by all possible means."

"We cannot continue to say that there is a peace process while settlement expansion exists," Mr. Qureia said to reporters. He suggested that the Palestinians would not take part in negotiations for a final peace treaty unless Israel stopped expanding Jewish settlements in the West Bank, which Israel captured from Jordan in the 1967 Mideast War.

As part of the land-for-peace agreement signed by Mr. Netanyahu and Mr. Arafat in Washington in October, Israel has begun withdrawing troops from 13 percent more of the West Bank in exchange for Palestinian security measures against terrorist groups.

The Palestinians say the peace agreements do not prevent Mr. Arafat from declaring statehood on May 4, 1999, the day the five-year period of Palestinian autonomy in the West Bank and Gaza Strip ends.

Mr. Arafat said Sunday in Washington he hoped the coming year "will be the year of the independent Palestinian state."

Such a move would lead to the "collapse" of the peace accords, Mr. Netanyahu's office said.

He has warned that he would counter any such move by annexing large chunks of West Bank land still under his control.

Monday, the militant Palestinian group Islamic Jihad announced that one of its leaders, thought to have masterminded a car bombing last month, had been arrested by Palestinian intelligence.

## Bonn Pledges To Improve Ties to Paris

Reuters

BONN — The German deputy foreign minister, Günther Verheugen, said that the Franco-German summit starting Monday would try to find ways of making ties between the two countries more relevant to ordinary people.

"What we have to do over the next few years is to expand this special Franco-German relationship, to liberate it from the narrow area of politics and to make it an issue which affects the people in both countries," Mr. Verheugen told German radio.

His comments echoed remarks by the spokeswoman for President Jacques Chirac of France, Catherine Colonna, who said that Mr. Chirac and Chancellor Gerhard Schröder had prepared "with special care" for a meeting whose "ambition is to give a new impulse to Franco-German solidarity and friendship."

The two-day meeting in the Potsdam, Germany, beginning Monday afternoon, is Mr. Schröder's first Franco-German summit meeting since he took office last month.

Bonn has offered conflicting signals on whether it may be moving closer to France's line on European Union expansion, namely that institutional reform of the bloc must be completed before new members can be admitted.

Under Germany's previous government, Bonn pushed for former Communist states of Central and Eastern Europe to be admitted sooner rather than later, saying institutional reform could take place at the same time. Mr. Schröder's administration has been more cautious, declining to name a date it believes is realistic for new members to join.

Mr. Verheugen said that this did not mean the new government was less eager about getting new members on board. "The new government hasn't put its foot on the brake," he said. "It has stopped the illusions and empty promises of the past."

Mr. Verheugen appeared to show sympathy for the French position, saying, "Without reform of the EU, it simply won't be possible to complete membership negotiations with our partners."

Another central issue at the talks is likely to be Germany's efforts to reduce its payments to EU coffers. Mr. Verheugen said that Bonn and Paris were agreed on many issues in this area but noted that financing of agricultural policy remained a sticking point.

## Turkey's Secularist Armed Forces Warn Politicians

Reuters

ANKARA — Turkey's powerful generals issued a pointed warning Monday to politicians that they should avoid comments that could draw the army into politics.

The warning, from the strongly secularist General Staff, appeared directed at the pro-Islamist Virtue Party. But it reflected broader worries over uncertainty that has followed the collapse of Prime Minister Mesut Yilmaz's government last week.

The General Staff, which has an established role as "guardian" of the secularist order, urged political leaders in a statement to "show the necessary care and sensitivity" in negotiations to form a new government.

"We consider it beneficial that any-

one with responsibility should inform the public in the correct way and should avoid statements that could draw the armed forces into politics," said the statement, reported by the state-owned Anatolian News Agency.

"It is out of the question to say the Turkish armed forces like one party over another."

The statement followed reported comments by Recai Kutan, head of the Virtue Party, on Saturday. The daily newspaper Milliyet quoted him as saying, "I have higher chances than Yilmaz to form the new government" because "I have no worries about the military. We are seeing signs that the military likes the policies of our party."

According to convention, Mr. Kutan, as head of the largest party in Par-

liament, should be given the first opportunity to form a new government. The General Staff statement could be interpreted by secularist parties as a caution against offering concessions to the Virtue Party for tacit or active backing.

Turkey's armed forces have a history of involvement in politics, carrying out three coups between 1960 and 1980. Pressure from the generals led to the downfall of the country's first Islamist-led government in June last year.

Since then, the Welfare Party, which headed that cabinet, has been banned and officials of the successor Virtue Party have been prosecuted on charges of violating the constitution. The General Staff, invoking Mustafa Kemal Atatürk, founder of the secular state, made clear it would not tolerate

any flirtation with political Islam. The armed forces, it said, "have shown by consistent behavior and attitudes that they value all contemporary views that comply with Atatürk's principles and reforms that are in line with the basic principles of the constitution."

The National Security Council, meeting Monday afternoon, was expected to discuss efforts to form a government as well as Turkey's dispute with Italy over the fate of the Kurdish separatist Abdullah Öcalan.

Newspapers quoted President Süleyman Demirel, who must appoint someone to form a government, as suggesting that elections brought forward to April should be put back again to 2000 and a broad-based reforming government assembled.

## MALAYSIA: Turmoil in Court

Continued from Page 1

ruption charges in the current trial as well as to a fifth corruption charge and five counts of sodomy.

If convicted of corruption, Mr. Anwar faces a maximum penalty of 14 years. The sodomy charges each carry a maximum penalty of 20 years plus whipping.

Mr. Zaimur had refused earlier Monday to apologize for his allegations that prosecutors tried to fabricate evidence against Mr. Anwar. The allegations were contained in a court application that he filed Saturday on behalf of Mr. Anwar.

Mr. Anwar accused the two prosecutors of "going out of their way" to get his tennis partner, Solaimalai Nallakuruppan, to help the office of Attorney-General Mohar Abdullah by falsely implicating him in sex offenses with various women.

Mr. Nalla, as Mr. Nallakuruppan is known, was arrested earlier this year under the draconian Internal Security Act and faces a mandatory death sentence if convicted in his separate trial on a charge of possessing 125 bullets.

"A man's life — or for that matter his freedom — is not a tool for a prosecution agency to use as a bargaining chip," Mr. Manjeet wrote in a letter to the attorney-general attached to the affidavit.

Justice Paul accused Mr. Zaimur of "trying to undermine the integrity of this trial" and ordered him to apologize to the court, the attorney-general, Deputy Public Prosecutor Abdul Gani Patail and his deputy, Azhar Mohammed.

"I am unable to tender my apologies," the defense counsel replied. The judge then ruled Mr. Zaimur would be charged with contempt of court. (AFP, AP)



AWARENESS TOOLS — A man dressed as Mahatma Gandhi, architect of India's freedom, expressing his views in front of an "AIDS monster" at a rally in Bombay on Monday. World AIDS Day is Tuesday.

## VOLVO: Cuts as the Competition Stiffens

Continued from Page 1

Mexico, Mexicana de Autobuses, and equip it to build buses and cars for the North American Free Trade Agreement region.

With a 1.7 percent market share, Volvo is Europe's seventh-largest producer, not including the European units of Ford and General Motors, and is dwarfed by market leaders like Volkswagen, the No. 1, with an 18 percent market share. And competition grows increasingly bitter.

This year, European car sales are expected to rise by 4.6 percent, to 14 million cars, then decline next year to 13.7 million, as European economies slow, according to the latest car industry forecast by Standard & Poor's DRI, an economic forecasting firm.

BMW said last week it would cut 2,500 jobs at a Rover factory in Britain, and Ford has announced it would cut 2,300 jobs in Belgium. Fiat has said it will run factories slow for several weeks during the holiday season to reduce inventories.

Thus, despite Volvo's recent efforts at reorganization, results have been disappointing. In the first nine months of this year, net profit dropped to \$679.9 million, from \$1.1 billion a year earlier, despite a 15 percent increase in sales to \$18.3 billion.

At the start of reorganization, Volvo set itself the goal of a 5 percent operating margin, or operating profit as a percentage of revenues; at the end of nine months the margin had slipped to 4.2 percent, from 4.4 percent a year earlier.

"There is still much work remaining in order for us to be able to attain our profitability goal," said Leif Johansson,

the president and chief executive of Volvo.

Mr. Johansson said Volvo would determine in December how large a reserve to set aside for the reorganization.

The cutbacks announced on Monday heartened investors. Volvo's shares rose 1.50 Swedish kronor, or 18 cents, to 189 on Monday.

Stefan Lorentson, a spokesman for Volvo, said management in the United States would have to decide "how, when, and where" to make cuts there.

Volvo operates several plants in the United States, including a truck factory in New River Valley, Virginia, and one for marine engines in Lexington, Kentucky.

Volvo attributes the weakness in profitability to the cost of introducing models like the Volvo S80, a new flagship sedan that entered the market this fall, and to the slowness of cost-cutting to offset the drag of an aging product line.

Announcing the disappointing nine-month results, Mr. Johansson said that sales this year had increased "according to plan" and that turbulence in Asia, where Volvo sells 6 percent of its cars, was offset by increased sales elsewhere.

But he acknowledged that the emerging market turbulence of recent months had not figured into Volvo's original strategy. If it continued, he said, Volvo would be forced to take measures to adapt cost levels to smaller volume growth.

About 1,900 jobs cuts are foreseen in Volvo's car division, and 900 to 1,000 in each of the truck, bus and construction equipment divisions. The remaining jobs will be cut in various small units, like marine engines.



EUROPE

# A Plan to Level the Euro MP Paying Field

By Barry James  
International Herald Tribune

BRUSSELS — What is the difference between a Spaniard and an Italian?

The answer, if both are members of the European Parliament: About \$7,500 a month.

Because they earn the same amount as members of the national parliaments in their home countries, members of the European Parliament receive widely disparate rates of pay, ranging from 2,828 European currency units a month for the Spaniard to 9,635 euros for the Italian.

"Such differentials are very hard to justify," says Willi Rothley, the German rapporteur of the committee for legal affairs and citizens' rights, which has drafted a report calling for an independent statute for the European Parliament and a common basic rate of pay for all members.

The Parliament's president, Jose Maria Gil Robles of Spain, and other senior officials are hoping that the Parliament will approve the statute when it meets in plenary session on Wednesday. If they vote in favor, the document will be submitted to European Union heads of state and government for consideration at their summit conference in Vienna next week.

The officials say it would make the assembly more independent, help dis-



JUST SO — Germany's transport minister, Franz Muentener, adjusting his tie, inspected by his Austrian counterpart, Caspar Einar, before an EU meeting on Monday in Brussels.

pel the gray-train image of the Parliament in many European countries and give the assembly more credibility among voters. They want the statute approved in time for the European parliamentary elections in June.

If the reform is passed, members would receive a salary based on the entire payroll for members — 3.55 million euros — divided by the total number of seats, 526. This would give an average salary of about 5,678 euros a month — minus for the Spaniards,

but not such good news for the Italians, who would find themselves being paid considerably less than members of the National Assembly in Rome.

Members from three countries — Germany, Austria and Italy — now receive considerably more than the proposed average, and getting them to approve the measure may be like asking turkeys to vote for Thanksgiving. But members from Finland, Greece, Ireland, Luxembourg, Portugal and Sweden earn considerably less, and

they could be expected to be in favor of the proposed reform.

A senior official of the Parliament said it would be possible to make the case for higher salaries for Euro MPs because they often have broader responsibilities, particularly if they serve on important committees, and because they are expected to have skills, including language abilities, that their national counterparts do not have.

Some of the least paid members are actually rather hard up, the official said. It is a full-time job, with little scope for moonlighting, and many members from outlying constituencies spend all day traveling to committee meetings in Brussels or plenary sessions in Strasbourg.

On the other hand, a generous system of allowances with no accounting asked has made the Parliament a byword for profligacy and has, as Mr. Rothley said, "proved to be a highly controversial issue in certain member states."

Some members who live in Brussels have been known to pocket round-trip air fares from their home countries. Others have simply pocketed some or all of the allowances meant to enable them to employ support staff.

Mr. Gil Robles has made a start at eliminating such practices by insisting that members will get paid their daily allowances for attending Parliament only if they actually show up.

## Genocide Trial Opens Against Bosnian Serb

THE HAGUE — The genocide trial of the self-styled "Serb Adolf Hitler," Goran Jelavic, opened before the UN war crimes tribunal here Monday.

The hearing was held behind closed doors to examine procedural questions at the request of the defense.

Mr. Jelavic, 30, pleaded guilty last month to murdering and torturing Muslims and Croats, but he denied the charge of genocide, saying his actions were not part of a systematic plan to exterminate the Bosnian Muslim population. (AFP)

## Bonn Rejects a Delay Of Nuclear Power Exit

BOON — The government rejected pleas by the energy industry Monday to delay legislation that will start Germany's planned exit from nuclear power.

The Environment Ministry also accused energy companies of slowing the bill by delaying responses to requests for details on their nuclear activities. (Reuters)

## Yeltsin Meets Staff Chief

MOSCOW — President Boris Yeltsin remained in a government hospital Monday

receiving treatment for pneumonia, while his Communist foes in Parliament pressed ahead with an impeachment motion.

Mr. Yeltsin, 67, who has been hospitalized since Nov. 22, was "getting better" and held a meeting with his chief of staff, his office said. An impeachment panel, meanwhile, is debating whether he is responsible for the military's decline. (AP)

## Swiss Prosecute Russian

GENEVA — A suspected member of the Russian mafia, Sergei Mikhailov, went on trial amid tight security in Geneva on Monday in what a prosecutor characterized as a mere suggestion of Russian-sponsored organized crime in Switzerland.

Mr. Mikhailov, 40, is accused of organized crime, of having no right to be in Switzerland and buying property illegally, charges he denies. If convicted, he faces up to seven and a half years in prison. (Reuters)

## Transsexual Voted Out

QUELLENDORF, Germany — Residents of this village in Eastern Germany have voted in a referendum to dismiss their mayor after he took steps to become a transsexual.

The vote in Quellendorf on Sunday went against Norbert Lindner, a 40-year-old married father of two who this year assumed a female identity and began calling himself Michaela. (Reuters)

# Macedonia's Political Radicals Are Finding Common Ground

By Mike O'Connor  
New York Times Service

SKOPJE, Macedonia — With the war in neighboring Kosovo as the example of what could happen if they fail, the leaders of Macedonia's most radical ethnic political parties are forming a coalition to govern this fragile ex-Yugoslav republic.

After two weeks of surprisingly smooth negotiations, the composition of a government that could prove to be a significant Balkan experiment in power-sharing between ethnic groups was being debated by Parliament on Monday.

Expressing an idea that seems whimsically romantic in the violence-racked Balkans, Arben Xhaferi, a leader of Macedonia's ethnic Albanians, said: "We can find common ground for ethnic integration through mutual understanding."

Indeed, Mr. Xhaferi thought this ideal impossible to achieve until very

recently. He and many other Albanians, who number about a quarter of the population in Macedonia, feared that they would never have true representation because, they said, the Slav-dominated political system was rigged against them.

They saw as their main opponent the most nationalist party, the Internal Macedonian Revolutionary Organization. When that group, as the senior member of a coalition, won control of Parliament in elections this month, the stage seemed to be set for another hard-line Balkan nationalist group to take power and oppress ethnic minorities.

Instead the leader of the nationalist party, Ljupco Georgievski, started negotiating with Mr. Xhaferi — whose support he did not need to govern — to see how they could work together.

Until recently Mr. Georgievski, 32, who will be the new prime minister, had accused Mr. Xhaferi's supporters of only wanting to de-

stroy Macedonia by seceding. In reviewing ways to settle their differences, Mr. Xhaferi said, "a small miracle" occurred.

"Actually, we had never talked before," he said. "We had shaken hands at a couple of events. But I thought, 'We are here and they are here, so let's put our problems on the table and see if they are as bad as we think.'"

Ethnic Albanians in Macedonia feel strongly that they are systematically discriminated against by the government, and foreign diplomats concur. In a very poor country, the ethnic Albanians are generally the poorest, have the worst medical care and schools, and hold proportionally many fewer jobs in the public sector.

Worst of all, many feel they have no stake in Macedonia, which broke away from Yugoslavia in 1991, and see independence as the only solution, perhaps in league with Albania or Kosovo, the ethnic Albanian

province in southern Serbia.

Last June, when the insurrection in Kosovo seemed to favor the Albanian separatists, a despondent leader of Mr. Xhaferi's party said that Albanians in Macedonia were beginning to believe that they, too, should take up arms. Three days later that man, Aladin Demiri, began a two-year prison sentence for raising an Albanian flag outside the city hall of Tetovo, a largely Albanian city of which he was the mayor.

When ethnic Albanian politicians began to talk with Mr. Georgievski, one of his first concessions was that Mr. Demiri and another mayor convicted of the same offense be released. According to Mr. Xhaferi, they also agreed on a plan to give much more power to local governments and to settle a sometimes violent rallying point for both sides: a university where instruction is in the Albanian language.

Many Slavs in Macedonia fear that ethnic Albanians are trying to

form a separate society, and demand that higher education be in Macedonian. Mr. Georgievski, at considerable political risk, has agreed to use state funds to support the Albanian-language university, Mr. Xhaferi said.

Mr. Georgievski said he expected no trouble from extremists in his party or in Mr. Xhaferi's. Rather, he is determined to convince them to join him. "In Macedonia, we will make them part of the system," he said.

Mr. Xhaferi, who in the past has hinted that Albanians here may have to secede in order to secure political rights, now says they must learn to work with Macedonian politicians.

Foreign diplomats and Macedonian politicians say even the most radical people here now see that the landlocked country, sandwiched between Serbia, Albania, Greece and Bulgaria, will remain poor and isolated unless its leaders learn to cooperate.

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S I L K



## INTERNATIONAL

## U.S. Navy Joins Contest for a National Anti-Missile Shield

By Bradley Graham  
Washington Post Service

WASHINGTON — After spending more than \$1 billion conceiving a plan for shooting down ballistic missiles from ships, the navy is about to formally enter the multimillion-dollar sweepstakes to construct the first reliable medium-range anti-missile shield, a contest dominated until now by the army.

A high-level Pentagon panel that authorizes major defense acquisition programs is due soon to approve the navy's concept for turning its fleet of Aegis cruisers and destroyers into mobile platforms for launching high-altitude interceptors, a legacy of President Ronald Reagan's "star wars" dream, the Strategic Defense Initiative.

With the army's \$14 billion effort faltering badly amid a host of quality-control problems and five consecutive intercept test failures, the navy program has emerged in the eyes of many missile defense advocates as the nation's best

hope for fielding an effective medium-range anti-missile system.

But the project is less tested than the army option. Intercept flight tests will not begin until 2000. And senior Pentagon officials are skeptical that the navy can meet its aim of developing a modest initial capability by 2005.

"The program has been long on view graphs and short on engineering work," said a senior defense official involved in supervising the Pentagon's anti-missile efforts. Further, navy officials, while confident of achieving a basic workable system over the next six years, acknowledge having little idea of how much more time and money they will need to make it effective against more advanced missile threats on the horizon.

The earliest version of the navy system is designed to shoot down missiles equivalent to North Korea's No Dong and Iran's Shahab-3, which have ranges of 1,000 to 1,300 kilometers (600 to 800 miles). But North Korea has tested a longer-range Taepo Dong reaching

about 2,150 kilometers, and Iran intends to acquire a similar weapon, administration officials say.

With Congress pressing for faster development of U.S. anti-missile defenses, the navy already has invested \$1.1 billion in perfecting the concept for its Theater Wide system since 1995. Of that, \$628 million came in the form of congressional add-ons to administration budget requests, pushed by Republican lawmakers more enamored of the navy's project than administration officials.

The Pentagon's five-year budget provides \$1.5 billion more for the program. But the navy says it will need nearly twice that amount to meet the 2005 target date.

The navy's concept rests on making the most of what the navy already has: lots of ships equipped with an integrated network of radars and weapon controls known as the Aegis combat system. Instead of trying to build an anti-missile weapon from scratch, as the army has attempted with its ill-fated Theater

High-Altitude Area Defense, the navy wants to capitalize on its \$57 billion, 65-year investment in Aegis gadgetry now used to track aircraft and vessels.

By tweaking the Aegis radar to scan higher altitudes and bolstering the ship-launched Standard missile to make it fast enough to chase enemy missiles, the navy contends it can provide a protective umbrella over land and water. A ship in the Sea of Japan, for instance, could defend U.S. troops in Japan and South Korea against a North Korean attack. Similarly, a ship in the Gulf could counter missiles launched by Iraq or Iran.

"One of the advantages that the navy has is that we're building on proven systems," said Rear Admiral Phillip Balise, vice commander of the Naval Sea Systems Command. "But I would not want to lead you to believe we have underestimated the complexity of the mission."

Both the navy and army systems are designed to protect regions where troops are deployed. They are forerunners of a more ambitious plan to build a network of

land-based interceptors for guarding all 50 U.S. states from missile attack. Some Republican supporters see the navy system as having the potential to shield U.S. territory in addition to battlefield forces. They say that if U.S. warships in the Pacific and Atlantic oceans were able to shoot down intercontinental ballistic missiles headed toward the United States, there would be little need for the land-based national plan, which has been costing \$1 billion a year to develop.

Using interceptors aboard ships to guard U.S. skies, however, would violate the 1972 Anti-Ballistic Missile Treaty signed with the Soviet Union and in force with Russia. In some measure, the strong Republican backing for the navy's project reflects support within the Republican Party for scrapping the treaty as a Cold War relic. But the Clinton administration intends to limit the navy system to battlefield defense and argues for preserving the anti-ballistic missile accord to keep Russia from renegeing on commitments to reduce its nuclear arsenal.

## BRIEFLY

## U.S. Could Bypass UN, Annan Admits

PARIS — Secretary-General Kofi Annan said Monday that Washington could strike Iraq without prior United Nations Security Council clearance if a new crisis occurred between Baghdad and the world body over arms inspections.

Asked by Radio Europe One if there could be a strike without a Security Council meeting before hand, Mr. Annan replied: "That is the impression which I have."

## Lebanon Must Seek Hariri Alternative

BEIRUT — President Emile Lahoud said Monday he had accepted the refusal of the caretaker Prime Minister Rafik Hariri to head a new government.

"The president has accepted Hariri's refusal to head the government and will start consultations to choose a new prime minister on Tuesday," a presidential statement said.

It said Mr. Lahoud had asked Mr. Hariri on Friday to remain in his post but that the prime minister, who has headed Lebanon's government since 1992, refused.

(Reuters)

## Homemade Bombs Hit 2 Targets in Rio

SAO PAULO — Two homemade bombs exploded in central Rio de Janeiro on Monday morning, one ripping apart the bathroom of a McDonald's fast-food restaurant and the second damaging state water utility headquarters, emergency officials said.

No injuries were reported in either blast.

The first bomb exploded at 9 A.M. in a McDonald's, causing about \$4,500 worth of damage, according to fire fighters. A few blocks away, a bomb went off at most an hour later at the headquarters of Rio de Janeiro's state water and sewage utility, Globo television reported.

"The animals are filthy. A milkmaid is paid a 10-kopek bonus for keeping each of the cows clean for a month — less than one U.S. cent a cow. Most simply refuse."

"I ask them to clean the cows," said Mr. Voloboyev, "but they say, 'Why don't you do it yourself?'"

## RUSSIA: Farmers Await Seeds of Change

Continued from Page 1

Russia remains heavily dependent on imports of food — so dependent that the Kremlin has put aside its pride and sought almost 5 million tons of food aid from the United States and Europe.

It is a bitter legacy for a nation where ties to the land seem almost primordial and where 100 million citizens tend their own modest plots to grow fruit and vegetables.

"Farming requires good management and capital," said Viktor Lishchenko, a leading agricultural specialist at a government academy of economics. "Unfortunately, Russia does not have either. Food security is a big, big issue."

Nestled on 1,600 hectares (4,000 acres) near the city of Novgorod in the Northwest, Savino is a textbook case of Russia's neglect of agricultural reform.

During the heyday of Soviet power, this was a state-owned collective, grandly called the 50th Anniversary of the Soviet Union Farm. It had a bloated work force and fought a daily battle against pilferage. But its production of wheat, meat and milk was buoyed by state-subsidized feed, fertilizer and tractors.

The demise of the Soviet Union gave workers an opportunity to break free of the collective. No one did.

Each worker received a handsome certificate allowing them to take about 4 hectares of tilled land and 2 hectares of pasture and farm it for themselves. Instead, the workers leased their land back to the farm, keeping only tiny plots for

themselves to grow vegetables and perhaps raise a pig or a calf.

"Nobody wanted to leave," recalled Mr. Remizov, who also was director of the Savino farm in Soviet times. "People seem to be afraid of the uncertainty and financial difficulties."

It is a common story. Few of Russia's 27,000 former collective farms have been broken up or restructured. Russia has about 275,000 private farms, but they are generally far smaller than collective farms and account for a mere 5 percent of farmland.

Nor is the number of private farms increasing. Without the right to buy and sell land, many investors are reluctant to pour their money into Russian agriculture. Cash-poor farmers cannot use their land as collateral to obtain loans. Programs to teach farmers accounting and other management skills are rare. And Russia lacks the infrastructure to develop a market that would distribute domestic produce across the vast land.

"If you gave the Russian farmers all the modern equipment in the world, it would not solve their problem," said Christian Foster, an expert on Russian farming at the UN Department of Agriculture. "They need to operate their farms like a real business."

Banding together, certainly, has not brought Savino's farmers prosperity. Officially, Savino is now a joint stock company; in reality it operates much as it did when it was state-owned, but without the government handouts it used to count on to stay afloat.

Savino's work force remains swollen,



Homeless Muscovites getting soup and bread Monday as temperatures plunged to minus-20 centigrade.

if underpaid. Some 500 people live here, but since many are pensioners, only about 200 work the farm. A comparable farm in the United States would be run by a handful of workers.

Seed, feed, fertilizer and tractors now must be bought in the marketplace at sky-high prices. Big dairies, meat factories and grain elevators have become regional monopolies, pushing down farm revenues by paying less

for raw milk, livestock and wheat. Loans are hard to come by. The regional government in Novgorod offered the farm a two-month loan at 25 percent, but the farm cannot afford to pay it back over such a short period and turned it down.

So instead of the 1,500 tons of fertilizer a year it used in Soviet times, Savino is making do this year with 120 tons. And instead of buying new tractors and harvesters, old ones are lined up in a muddy lot awaiting the spare parts that the farm scrambles to buy. "We don't have a chance to buy basic equipment," Mr. Remizov said. "If I could get a loan for four years, I might take it."

Savino lost a million rubles (nearly \$60,000) over the past two years. That's normal; about 80 percent of Russian farms are unprofitable. They survive through barter, delaying tax payments,

paying their workers with food instead of money or squeezing tax breaks and other concessions from regional authorities.

What most farms have not done is reorganize by laying off unneeded workers, concentrating on crops that are most profitable or introducing modern business techniques.

At Savino the old ways are apparent at the fetid paddock where Mr. Voloboyev oversees the dairy cows. The feed is short on the nutrients needed to raise milk production. The conveyor belts that distribute feed are old and rickety. The milking is labor intensive.

Each row of 40 cows is assigned to a milkmaid, who tends to them one-by-one and then carries away the steaming pails. A milkmaid receives 400 to 600 rubles a month for her efforts.

## CHINA: Officials Vow to Stay the Course on Economic Reform

Continued from Page 1

growing unemployment problem.

But his highly publicized press conference at least sent a loud and clear signal that the government remained firmly committed to trying Prime Minister Zhu Rongji's bitter-pill brand of economic overhaul.

In a wide-ranging press conference, Mr. Sheng, whose ministry is central to the country's economic reform efforts, also suggested that the government's goal of achieving an 8 percent growth rate was still realistic.

More surprisingly, he insisted that by the end of the year, the government planned effectively to "de-link" the Communist Party, government ministries, the army and the police from their multitude of business interests, in accordance with a previously stated policy.

Although business experts have long maintained that China's government or organizations should shed their businesses to curb corruption, some said it was unlikely that these agencies could truly

divest themselves of the thousands of hotels, stores and restaurants they own in the next four weeks.

Significantly, Mr. Sheng's remarks came just three days after Prime Minister Zhu, the principal architect of the reforms, re-emerged from a few months in the shadows and again took center stage in a very public tour of Liaoning Province, the epicenter of large, inefficient state-owned factories.

Mr. Zhu's relative silence on economic matters this fall had been taken by many foreign experts as a sign that the central leadership had lost interest in his "get tough" economic reforms, which have resulted in widespread unemployment and labor unrest, even as they have improved business efficiency. Some even speculated that his star was falling.

But this week, the voluble Mr. Zhu again came on strong, praising those state-owned enterprises in Liaoning that had for the first time turned a profit, generally through greater efficiency and reducing the number of employees.

Strongly worded statements by both Mr. Zhu and Mr. Sheng came as some-

thing of a surprise, since economists both in and out of China had recently said that the government had slowed the restructuring of state industries, instead pumping money into them in a desperate effort to stimulate economic growth.

Many economists said the country had little choice but to curtail its ambitious reforms, faced as it is with slowing economic growth, a fall-off in exports and rising unemployment.

Indeed, Mr. Sheng acknowledged that the regional recession had caused China's exports to nose-dive and that the devaluation of other regional currencies had made Chinese products relatively more expensive. And he noted that profits from China's large- and medium-sized state industries had fallen by more than 50 percent in the first 10 months of this year, compared with a similar period in 1997.

But he insisted that the government would stay its course, since there were signs that the economy was improving and, after one year of economic overhaul, some of the most bloated state industries had been effectively pruned.

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## CROSSWORD

## ACROSS

- 1 Sticking mecca  
5 Dogs and cats, e.g.  
9 Hidden room's secret opening  
14 Comic Sahl  
15 "Dies —"  
16 Idiotize  
17 Vulgarize  
18 Seagoing: Abbr.  
19 Have a feeling about  
20 X  
22 Old-time entertainer — Tucker  
24 Morse code component

## DOWN

- 25 Quiche, e.g.  
26 The Emerald Isle  
28 Halpices  
31 60's protest  
34 "Time — My Side" (Rolling Stones hit)  
35 Demagogue  
36 X  
38 Music  
39 Synthesizer  
40 Malarial fever  
41 The Phantom's instrument  
42 Switch positions  
43 Quaker's "you"  
44 Prefix with rapt  
45 — Paulo, Brazil

## ACROSS

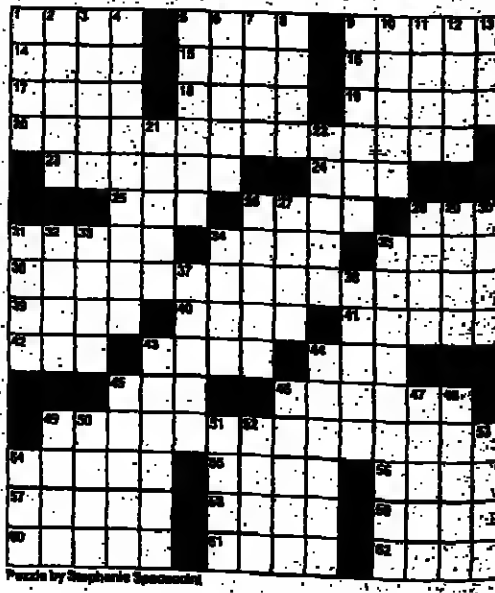
- 46 Italian cheese  
48 X  
54 Slow mover  
55 — Orange, N.J.  
56 Hollow response  
57 Fanciful syrup  
58 Flavor  
59 Friend, to  
60 Actress Perkin  
61 Like some stomachs  
61 Look closely  
62 Burn quickly

## DOWN

- 63 In the style of: Suffix  
64 Debaucher  
65 Supporter of the Revolution  
66 Little bit  
67 17th-century actress Nell  
68 Japanese wrestling  
69 Get — the ground floor  
70 W.B.A. calls  
71 "Come Back, Little Sheba" playwright  
72 Naked runners  
73 "Tippit"  
74 Designer Karas  
75 Writing pad  
76 Baggage handler  
77 "Look happy!"  
78 First name in TV talk  
79 Hiding spot  
80 Mito or Tasse  
81 Ginger cookie  
82 Slabs  
83 Spring  
84 Ranown  
85 Fly like an eagle  
86 Tunes Mustangs, for short

## Solution to Puzzle of Nov. 30

STAT PERMA ANON  
PAIR AVAIL LOBO  
AXLE MEATCUTTER  
MISSPEND TOAST  
TALE TRUSTEE  
MAILCARRIER  
EGRET ADEM PPS  
LEOS RAYVED COOT  
TEN SOLE GAMMA  
MAILCLIPPER  
CONCERT OARS  
AWARE SHOOTERS  
UNDERLIER OMIT  
SEES INURE NILE  
ERRIS BABEL ELEM



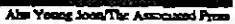
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Agence France-Presse

After 25 minutes of pandemonium, the speaker adjourned the house. The speaker finally suspen-



The spokesman for the Bharatiya Janata Party, Krishan Lal Sharma, also dismissed the possibility of a

**The Associated Press**

■ **Suharto Inquiry Is Delayed**  
Indonesian officials postponed the

The Dutch plaintiffs had demanded \$176,000 from the Japanese government to compensate for physical abuses suffered in prisoner camps in the former Dutch East Indies, now Indonesia, which Japan invaded in the 1940s. The only woman among the plaintiffs sued for being forced into sexual slavery by Japanese troops. (AP)

until a 1997 coup by Mr. Hun Seo, presided over the event. "It is now easy for all of us to be together because we have settled all of the problems," he said. (AP)

**The Associated Press**

Some fishermen add cyanide to sea water to stun fish so they can be caught and sold

China Sea. In August, 73 Chinese fishermen were arrested near a Philippine-claimed islet but were later

nam and Taiwan claim all of them, while the Philippines, Malaysia and Brunei claim parts of the chain.


**STAY**

## 2 NIGHTS

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**Reuters**

The Tamil Tiger rebels have been fighting for a separate homeland in Sri Lanka's

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[illegible]



## EDITORIALS/OPINION

## Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Don't Coddle Rangoon

There is tough competition for the title, but perhaps no authoritarian regime in the world today is more brutal and benighted than the military dictatorship in Burma. That Southeast Asian nation has been condemned to live in poverty and fear by the thuggish, drug-tainted, corrupt generals who wield power. The United Nations General Assembly recently adopted a resolution that gives some sense of the scope of human rights abuse in Burma — including "extrajudicial and arbitrary executions, rape, torture, inhuman treatment, mass arrests, forced labor, forced relocation and denial of freedom of expression, assembly, association and movement."

Burma's plight is all the more tragic because, unlike many nations that have lived long under dictatorship, it has a ready alternative. Daw Aung San Suu Kyi, daughter of Burma's hero of post-colonial independence and herself a Nobel Peace laureate, heads a political party that overwhelmingly won an election in 1990. Reflecting just how out of touch they are with those they rule, the generals allowed the vote to take place thinking that they could maintain control. When Burma's voters had other ideas, the generals refused to honor the results. Daw Aung San Suu Kyi has been under house arrest pretty much ever since.

This fall the dictatorship has turned the screws even tighter. Since September, according to Ambassador Betty King, the U.S. representative to the UN Economic and Social Council, nearly 1,000 opposition figures from Daw Aung San Suu Kyi's National League for Democracy and other parties have been detained. The junta claimed that these people were not being arrested but rather invited in to chat, but hundreds have been forced to resign from opposition parties as a condition for release. Hundreds more, including 81-

year-old U Saw Mra Aung, remain in jail. Others, such as the democracy leader U Aung Myin, have died in custody. Now the United Nations and the World Bank have floated the possibility of inducing the dictators to behave better by offering them "carrots" such as \$1 billion or more in loans if they enter a dialogue with Daw Aung San Suu Kyi. Shunned until now by private investors and most aid donors, the junta could use the cash (much of which would come, through the World Bank, from the U.S. government). The idea, according to an account last Thursday in the International Herald Tribune, is to call for "step-by-step compromises from both the government and the opposition."

That description tells you the piffling of the plan. What "compromises" should be induced from an opposition that is the legitimate government but has been severely repressed for most of a decade? How freely can a leader negotiate when she is forcibly isolated from family and advisers, threatened with exile, vilified in the official press and made to feel responsible for hundreds of supporters at risk in prison?

Burma is the world's chief source of heroin. Its officials tolerate and profit from drug trafficking. A top State Department official, Jonathan Winer, recently said there is no point in spending anti-drug money in Burma. "We have not found them to be reliable partners." The same would be true of economic aid on a larger scale.

Under a legitimate and democratic government, Burma would not need much World Bank help; it is blessed with abundant natural resources and a literate, hardworking population of 46 million. Under the current rulers, any loans will further enrich the corrupt few. Long at the trough, they don't need any carrots from U.S. taxpayers. — THE WASHINGTON POST

## Conduct a Fair Census

The Supreme Court was to hear arguments this Monday on the legality of the Clinton administration's plan to use statistical sampling in the 2000 census. The purpose of the sampling is to correct for the predictable undercounting of poor minorities by conventional census-taking methods. The court's judgment will be momentous, both for its immediate practical consequences and for its symbolic message.

Mandated by Article I of the Constitution, the decennial census count is the basic arithmetic of democracy. It influences the division of political power in Congress and the states, and shapes the flow of many government benefits. Absent a statistical adjustment, minority groups will continue to be disproportionately undercounted and the areas they live in will be shortchanged.

The discrepancy is not trivial. While the 1990 census missed about 2 percent of the nation's overall population, it missed 4.8 percent of the black population and 5.2 percent of the Hispanic population. Statisticians support the feasibility of using sampling methods to improve the count's accuracy.

Before the court are two lower court rulings from Washington and Virginia that held the planned use of sampling as part of the next census to be illegal, at least for the purpose of apportioning

seats in Congress. Those rulings relied on a Federal Census Act provision that requires the secretary of commerce to use sampling in determining population "except for" the purpose of congressional reapportionment. But that statutory language was not meant to bar sampling for reapportionment, merely to make its use discretionary.

The House Republicans behind both lawsuits speak in high-minded tones about the potential for political manipulation if sampling is used. What they really fear is not a phony count but the possibility of an accurate count that would increase the political power of predominantly Democratic areas. They also claim that sampling violates the constitutional requirement of an "actual enumeration" of the population. The court should not embrace such a frozen view, given the framers' clear intent to provide a reliable tally.

In 1996, the court dismissed claims that the federal government has a constitutional obligation to adjust census results to correct the racially disparate undercount. But it did not say that such a correction is impermissible. For the justices to do so now would disregard the statute and the vital principles of equal political participation and one person, one vote. — THE NEW YORK TIMES

## Other Comment

## No Hostages, No Offers

Quebec politics is Canesian constitutionalism, calibrated by a highly developed understanding of the power dynamics that have long driven the politics of national unity. There are rules in this game, and Quebec voters know them as well as Quebec politicians. And the cardinal rule is this: Quebec makes demands.

One must threaten separation and chaos. Or so goes the theory. As Lucien Bouchard put it in this year's leaders' debate, "when a sovereignist government is re-elected, there is leverage for further gains."

The government of Quebec has always insisted that it is not *une province comme les autres*, and it isn't. The average Quebecer's income is 13 percent below that of his neighbor in Ontario. The number of families living in poverty, at 17.1 percent of households, is one-third higher than in Ontario. By all material measures, Quebec is a have-not province, and the billions of dollars the rest of Canada sends to Quebec each

year in transfer and equalization payments is proof enough.

When most Quebec politicians talk of "gains," they do not mean bettering the lives of their electorate. They mean acquiring the symbolic attributes of sovereignty and governance. [But] there is no sovereignty-association at the end of the rainbow. There are only two choices: total separation or Canada.

We may be about to board the next train to another referendum, but that does not mean its destination is the breakup of Canada. Indeed, such an outcome is highly unlikely. The next government of Quebec may demand more and threaten referendums, but it cannot any longer dictate the course of events. Mr. Bouchard sways electoral tides in Quebec, but he will not single-handedly change the currents in the constitutional sea.

Quebec can no longer hold the country hostage simply by declaring that it is doing so. The hostages don't want to play that game any more. The game is over. — The Globe and Mail (Toronto).

## What the Balkans Need Is Democracy in Serbia

By Richard G. Lugar

WASHINGTON — Cooperating with Slobodan Milosevic has limited the West's ability to support democratic change in Yugoslavia. Democratic values have been shelved for the sake of this faulty collaboration.

U.S. policy cannot work both with and against Mr. Milosevic and his allies, who do not solve problems but manipulate them for their own preservation. Clearly, no lasting solution to the Balkan crises is possible without fundamental change in Serbia and in the leadership of Yugoslavia. It should be a U.S. policy priority to help bring about those changes.

A democratic Serbia with economic ties to Europe should be the ultimate goal. Without real democratic change in Serbia, the Balkans seem destined for perpetual crisis and successive Western interventions.

In negotiating the 1995 Dayton accords and the Kosovo agreement this fall, Mr. Milosevic positioned himself as the West's indispensable policy partner. The perpetrator of the two Balkan wars has presented himself as essential to their solution.

By creating the perception that he is a guarantor of the Kosovo agreement, he gained leverage at home and tol-

erance abroad to muzzle his democratic opposition and, if necessary, to plan the next Balkan crisis — in Montenegro, perhaps. Unchecked, this will perpetuate crises in the Balkans, make the region a continuous security priority and prove costly to NATO credibility and U.S. interests in Europe.

Mr. Milosevic has seized upon the Kosovo crisis to crack down on the independent media, nongovernmental organizations and other democratic forces in Serbia. He has banned television broadcasts and rebroadcasts of foreign news, shut several independent radio stations and newspapers, denied visas to visiting journalists, dismissed scholars, denied broadcasting frequencies, confiscated properties and harassed pro-democracy organizations.

Serbian victims have seized the West for support but have heard mostly silence. Those attacked and arrested in the internal repression have been branded as NATO lackeys, spies or traitors.

For Mr. Milosevic and his allies, the Kosovo conflict is not merely a matter of maintaining national integrity or Serbian unity. It is a manufactured opportunity to

manipulate internal and external forces to solidify their grip on power. The leaders live well amid the poverty and deprivation caused by international sanctions, internal corruption and refusal to adopt market reforms.

A policy of engagement with Serbian democratic forces is needed. The United States should abandon a policy that has exempted Serbia from the political reforms demanded of its neighbors. Every senior U.S. and European official visiting Yugoslavia should schedule meetings with opposition members. They should insist that Yugoslavia grant visas to nongovernmental organizations, foreign journalists and others wishing to engage the opposition.

The West also should:

- Fund international exchanges with a broad representation of Serbian society, and invite the opposition to conferences outside the country.
- Increase support for independent media, trade unions and democratic groups in Serbia.
- Encourage the courageous media, such as the B-92/ANEM broadcast network, which has been attacked but remains on the air.
- Extend the mandate for free elections and media reform in Kosovo to

Serbia, because it is doubtful that the former can survive without the latter.

• Make clear that no easing of sanctions can occur without significant progress on democratic reform.

The means to support Serbian political reform already exist through the U.S. National Endowment for Democracy, private foundations and other nongovernmental organizations. However, a clear U.S. policy direction and commitment are lacking.

A U.S.-led policy of supporting the opposition in Yugoslavia does not guarantee an instant change in Belgrade's behavior. But if the Western allies hope to do more than respond militarily to repeated crises generated by Belgrade, they must take the initiative from Mr. Milosevic.

The allies have underestimated the potential influence of a concerted program to promote democratic change in Serbia. Such a program offers the best prospect for ending the cycle of conflict, establishing stability in the Balkans and ultimately integrating Serbia into the European family.

The writer, a senator from Indiana, contributed this comment to The Washington Post.

## The Point Is Not Inspection but the Toppling of Saddam

By Henry Kissinger

NEW YORK —

The third crisis with Iraq within a year ended like all the others. Iraq reinstated the inspections system, Washington backed off from military action, this time recalling forces already under way, and both sides claimed victory. In a sense, both sides are right. Washington won the battles, but Saddam Hussein is winning the war.

True, after each crisis the inspectors have returned. But each time there has been a hiatus (the last one of three months) without any inspections, enabling Saddam to shuffle equipment and material from sites on which the inspectors were closing in. When inspections resume, months are consumed developing a new database, and by the time it is completed Saddam has come up with new harassing tactics to degrade it.

The cumulative impact of the various Iraqi crises amounts to a strategic setback.

Each crisis has reinforced a pattern in which Saddam controls the timing and subject matter of the confrontation. With each successive crisis, American policy has become more captive to a fragile UN consensus. It is symptomatic that in his Nov. 15 statement President Bill Clinton invoked the world community 10 times and the U.S. national interest exactly once.

Each crisis has eroded support for Washington among the Gulf and other Arab states. Having seen America go to the brink and back down three times, they will be reluctant to believe that it is in for the long haul.

Each aborted military action weakens the readiness and morale of America's armed forces. In each crisis, nations opposed to military action and the UN secretary-general held out the end of sanctions as a carrot for Saddam to return to inspections. Saddam's argument that the sanctions are the main issue gains ground.

Secretary of State Madeleine Albright has described U.S. policy as keeping Saddam "in his box." But that goal is un-

achievable as the issues are presently defined.

The UN Special Commission, the inspection group, is a weak instrument. After years of the world's most intrusive inspections, the team still does not know whether Saddam has remaining weapons of mass destruction. And for the last year the inspections system has worked only intermittently.

But should Unscow work perfectly and were it in a position to certify that Saddam was disarmed, sanctions would then be "reviewed," the euphemism for being lifted, and the inspections system reduced to caretaker status. The United States thus finds itself in a catch-22 situation. The better the inspections system works, the more rapidly restrictions on Iraq will be ended — and Saddam will be in a position to start rearming.

THE Clinton administration has not been willing to face the fact that the issue is not Unscow but the continued rule of Saddam Hussein.

Mr. Clinton paid lip service on Nov. 15 to a policy of bringing down Saddam, but he offered no plan for accomplishing this. He surely seems to have no confidence in a military solution.

He justified aborting the military strike on the ground that "if we take military action we can significantly degrade the capability of Saddam Hussein to develop weapons of mass destruction and to deliver them, but that would also mark the end of Unscow."

This statement reflects three assumptions: that Saddam is likely to remain in office for the foreseeable future; that U.S. military capacity to degrade Iraq's strategic capability is less useful than inspections; and that Saddam's regime is bound to survive American retaliation. In its military plans, the administration seems wedded to the kind of limited escalation that has been tried, most notably in Vietnam. Unwillingness to face head-

on the problem of Saddam's continued rule dates back to the endgame of the Gulf War.

President George Bush deserves enormous credit for mobilizing a global coalition against Saddam's occupation of Kuwait (based, by the way, on the world's knowledge that he was prepared to act alone). But the effort stopped short of overthrowing Saddam because it was believed that, with the freeing of Kuwait, the alliance had outrun the UN authorization, that further warfare would risk the breakup of the country and additional casualties, and that, in any case, Saddam would fall as a result of his disaster.

When Saddam survived, the United States was left with three policy options: to reconcile with a hopefully chastened Saddam, to keep Saddam "in his box," or to make it a national policy to overthrow him.

The trouble with administration policy is that it (or factions within it) is pursuing all three policies simultaneously.

Thus, in his Nov. 15 statement President Clinton, after calling off the attack, asked for no more than this: "If we can keep Unscow in there working and one more time give him a chance to become honorably reconciled by simply observing UN resolutions, we see that results can be obtained."

None of America's allies in the area believe in the prospect of an "honorable reconciliation" based on observing UN resolutions for a few months. All are convinced that Iraq will bend every effort to rearm as soon as sanctions are lifted, and that the United Nations is straining to find pretexts for lifting the sanctions. The countries in the region that rely on America will judge its relevance by its ability either to depose Saddam or to weaken him to a point where he can no longer represent a potential threat.

Throughout, U.S. military measures in the Gulf have signaled an overriding reluctance to use force. In response to

an alleged Iraqi plot against Mr. Bush's life in 1993, a few cruise missiles were fired into a single building that Washington reassuringly announced had stood empty. In 1996, when Saddam crushed an American-sponsored resistance movement in northern Iraq, the administration responded again with cruise missiles, against radar stations hundreds of miles to the south. And it has recoiled before the use of force in each of Saddam's three challenges of the last year.

This irresolution handicaps even relations with Iran, the largest country in the region. Whatever one's theory regarding Iran's likely evolution, an Iraqi government with which America can work would facilitate U.S. options.

Necessary as it is in present circumstances, the United States will not be able to maintain stability in the Gulf indefinitely against the two strongest states, Iraq and Iran. It cannot discourage an aggressive Iran if it cannot handle even a defeated Iraq. And it will not be able to elicit moderation in Iran if Tehran's leaders see across their border how easy and effective it is to defy the United States.

A MORE decisive policy against Saddam is blocked by the arguments that America must take its lead from the so-called world community, that it should design its actions in relation to specific Iraqi provocations, and that, militarily, unless it can achieve everything, it is better to do nothing. All these schools of thought are represented within the administration.

The result is intellectual confusion and greater concern with placating domestic opinion than with developing a coherent long-range strategy.

The reluctance to use force progressively erodes credibility. Each time Washington fails to fulfill its threats, it is forced to make a more formidable threat in the next round and a larger mobilization of effort. At the end of this vicious circle it will be left with the choice of abdication or a massive assault that, if Saddam is skillful, may then appear unprovoked.

The argument that unless the United States marches on Baghdad it will be unable decisively to weaken Saddam is poor testimony to the strategic foresight, political will and military capacity of a superpower.

To argue that America is unable to destroy Iraq's capacity to threaten its neighbors and to prevent significant deployments constituting such a threat is an alibi for abdication. Such tentativeness makes Washington lose on all fronts. Radical adversaries do not fear its pos-

turing, or believe that they can manipulate it to their own ends. Potential friends lose heart at the decline of American capability. Those on the sidelines see no reason for restraint.

Americans should beware of the siren song that a painless (to us) covert operation can enable us to sidestep the complexities of military confrontation.

I favor supporting the Iraqi resistance in principle, but, having seen such enterprises from the inside, I would put forward three cautions: Such operations must be run by professionals, not adventurers; they must take into account the interests of neighboring countries, especially Turkey, Saudi Arabia, Jordan and Iran; and they require an American willingness to back the resistance movement when it gets into trouble, with American forces if necessary — or else we will repeat the debacle of the Bay of Pigs and of northern Iraq in 1975 and 1996, when most of those whom America supported were wiped out or expelled.

This is a tougher job than Afghanistan. All this suggests the following principles:

- The ultimate issue in the Gulf is not inspections but the government in Baghdad.
- Saddam's next provocation must be viewed not from the point of view of the particular offense but of advancing America's broader strategy. The military response should lead to destroying Saddam's command and control sites, suspected locations of weapons of mass destruction and the Republican Guard (the basis of his rule). On the whole, I consider this a better option than relying largely on the internal resistance.
- If Washington is serious about backing the Iraqi resistance, it should set about equipping and training it and organizing its command structure, and be prepared to protect it with American forces.
- As part of a serious effort to bring Saddam down, restraints should be placed on Iraq's capacity to conduct significant military operations, either within the two no-fly zones or against any of its neighbors, by restricting the movement of Iraqi units beyond a certain size.
- The Iraqi people must be given to understand that the principal obstacle to normalization is Saddam and his immediate entourage, and that the Iraqi people are America's ally, not its target.
- If Washington is not willing to master the discipline and determination for such a course, the present policy will collapse, undermining the stability of the Gulf and the entire region. — Los Angeles Times Syndicate

## Support for Palestinian Progress

By Knut Vollebaek

The writer is Norway's foreign minister.

OSLO — The Middle East peace process has passed another milestone. To demonstrate the high priority that the international community gives to advancing the peace process, more than 40 countries met in Washington this Monday to pledge billions of dollars for Palestinian socioeconomic development.

The international donor community thereby demonstrates its support for the parties as they implement the Wye memorandum and move forward to the last stage envisaged during secret negotiations in Norway more than six years ago: the permanent status negotiations.

As chairman of the principal donor policy committee for coordinating use of the development aid, Norway will make available about \$40 million annually. This makes it the largest donor on a per capita basis as well as one of the largest donors in absolute terms.

External support for the peace process has been an essential ingredient since the United States took the initiative that led to the opening of Middle East peace talks in Madrid in October 1991. Norwegian mediation led to mutual recognition between Israel and the PLO as well as the Oslo accords in August 1993. The debt mediation role played by President Bill Clinton only

a few weeks ago was essential to the breakthrough achieved at the Wye River talks.

At each step in the implementation of the Oslo accords, vigorous international engagement helped keep the process going despite countervailing pressures that have been much greater than anticipated in 1993.

Since October of that year, the international donor community has pledged some \$4 billion to support implementation of the Oslo accords. On average, these funds are being disbursed at a rate of \$500 million a year to support Palestinian socioeconomic development.

With the help of donors, the IMF, the World Bank and the United Nations, the socioeconomic underpinnings of prosperity are being built to support the architecture of peace.

Donor assistance has been vital in targeting the economic and financial requirements stemming from the political negotiations, such as supporting the establishment of the Palestinian Authority and funding initiatives to create jobs for the West Bank and the Gaza Strip. Donors also are helping the Palestinians lay

the foundation for sustainable economic growth by financing some \$3 billion in development projects.

These projects include improving education and health care, building roads and sewer and water networks, and giving technical assistance and support for nongovernmental organizations.

Structures developed for policy and technical coordination among donors, the parties and the international multilateral organizations also have provided useful arenas in which the Israeli government and the Palestinian Authority can address differences on issues related to the economy. At times when there has been stalemate on the larger political issues, the donor effort has kept a degree of momentum in the peace process.

Peace in the Middle East cannot be purchased, of course. It will come about only through the determined efforts of Palestinian and Israeli political leaders and their peoples. But it is also true that peace cannot take root unassisted.

The donor community is committed to standing by the parties as they struggle with the difficult challenges they face today and the even tougher ones they will address soon in the permanent status negotiations. — The Washington Post

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: German Duty

PARIS — [The Herald says in an Editorial:] The "era von der Recke" in Prussia seems destined to cause difficulties. The expulsion of Austrian subjects from Silesia raises issues of a very different character. Austria is not only a Great Power but is also a member of the Triple Alliance. Protests from Francis-Joseph's Government must be addressed to the German Empire. It will be necessary for the Imperial German Government to assume responsibility for the acts of the King of Prussia, a fact that may cause fresh trouble with the Federal Princes, whose interests are thus injured.

## 1923: Teapot Deal

WASHINGTON — Sensational evidence was offered before the Senate committee investigating the lease of the Teapot Dome Naval Oil reserve in Wyoming

to the Sinclair oil interests by former neighbors of ex-Senator Albert B. Fall, who was Secretary of the Interior in President Harding's Cabinet when he negotiated with the private interests the lease which all the Navy leaders strongly opposed. Mr. Fall's ranch looked sunken down before prosperity came to him coincident with the signing of the Teapot Dome lease, witnesses testified.

## 1948: Berlin Split

BERLIN — Soviet-sector Communists, meeting as an "extraordinary city assembly," formalized the split of Berlin by dismissing the legally elected mayor and city council and filling their places with Communists. Western Allied reaction was quick and clear. In a letter to Marshal Vasily Sokolovskiy, Soviet Military Governor, General Lucius D. Clay called the action "illegal."

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## OPINION/LETTERS

## Look, Clinton Isn't Immune From Censure by Congress

By Joseph L. Lieberman

The writer, a Democrat, is a U.S. senator from Connecticut.

WASHINGTON — In the weeks since the midterm election, some of President Bill Clinton's harshest critics and staunchest defenders have found something they agree on: impeachment or nothing. There is no third option, they say. Either Congress must vote on whether to remove Mr. Clinton from office or we must move on as if he had done nothing wrong.

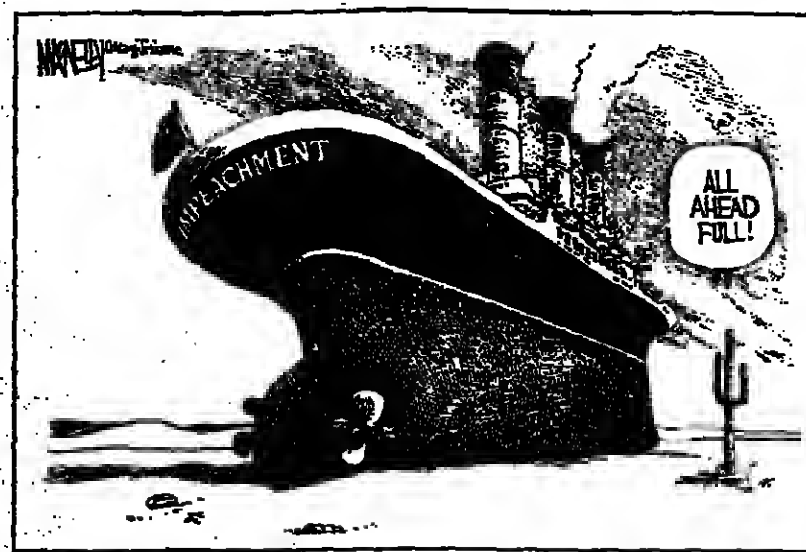
This line of argument misreads the constitution and misconstrues the meaning of censure. If it prevails and the

any way. So, contrary to the arguments some have made against censure, a censure resolution would not qualify as a bill of attainder — a law that legislatively determines guilt and imposes punishment — because it would neither be a law nor impose any specific punishment.

Instead, censure would be a collective statement by Congress that while Mr. Clinton's conduct may not be reason enough to remove him, it calls for a rebuke. In this way, censure would be similar to the "sense of Congress" resolutions we commonly use to express our views on matters as diverse as an international child custody dispute and the need for free elections in Gabon — both subjects of such resolutions this year.

It would be strange if the Senate passed resolutions on those issues but not on behavior that has threatened the Clinton presidency and stirred broad and deep emotions among the American people.

Some opponents of censure contend that a congressional resolution reprimanding the president would differ significantly from other legislative resolutions because in the case of presidential misconduct the constitution's impeachment clauses imply that Congress's only options are to impeach



or do nothing. Others are concerned about the separation of powers.

Neither argument is convincing. To read the Constitution's authorization to impeach the president for misconduct as ruling out all other actions makes no more sense than saying that Congress's power to declare war rules out taking any other action relating to national security — for instance, a resolution supporting a peacekeeping force in Bosnia or calling for stronger action against Iraq.

As for the separation of powers, it is true that each branch of government must not intrude on duties and powers constitutionally reserved for the other branches. But a censure resolution would not intrude because it would have no binding legal effect.

It is for this reason, I suspect, that no one has suggested that the numerous sense-of-Congress resolutions that addressed issues within the province of the other branches were unconstitutional.

During the recently adjourned session of Congress, for example, both houses unanimously condemned the racially motivated slaying of James Byrd, an African-American in Texas, and urged that the case be investigated. The House also adopted at least three separate resolutions expressing views on the president's activities, including one that urged Mr. Clinton not to participate in a formal reception in Tiananmen Square when he visited China.

These were expressions of legislative opinion rather than extensions of authority over the other branches. They did not appropriate congressional power to determine the guilt or innocence of those accused of killing James Byrd or seek to regulate how Mr. Clinton conducted diplomacy. The same would be true of a resolution condemning the president's misconduct in the Monica Lewinsky scandal. Still, a censure resolution could have the powerful effect of reaffirming the fundamental values that Americans hold in common and of restating the importance of those values to our nation's highest office.

The president's sexual misconduct

and his deliberate efforts to deceive the American people and our judicial system have had a serious and adverse impact on the nation. Since early September, he has repeatedly apologized for his misconduct and accepted responsibility for its consequences. He has also sought atonement and religious counseling. Since no one can take back behavior that has already occurred, there is little more we can ask him to do.

Whether Mr. Clinton's misconduct reached the level of an impeachable offense and warrants removing him from office is something on which senators must reserve judgment until the House has finished its inquiry. The Judiciary Committee must review the answers Mr. Clinton has provided to the 81 questions it put to him in writing.

Then, the House must vote on the articles of impeachment being drawn up by the committee. If the House chooses not to impeach, as seems likely, then we must censure. Congress must provide a decisive ending and a strong statement that makes clear to ourselves and posterity that we are a nation that understands the difference between right and wrong, truth and falsehood.

We must clearly explain the expectations we have of our leaders, present and future, and serve notice that if the president is guilty of wrongdoing he must suffer, at the least, public embarrassment and reproach.

Those who say that a censure resolution is only a slap on the wrist should bear in mind that in the history of the United States only two presidents have been censured. In this instance, censure would serve to record the nation's opinion of Mr. Clinton's behavior.

Those who call a censure resolution mere words should remember Clement Attlee's tribute to the wartime statements of Winston Churchill: "Words at great moments of history are deeds." We are at a moment of great challenge in our history. We should find words strong enough to meet that challenge and act as deeds.

The New York Times.

## If You're Sure of Expectations, You're Likely to Be Surprised

By William Grimes

NEW YORK — Two men approach each other on a street. They quickly realize they are on a collision course. The first man, reading the body language of the second, steps to the right, then sees that the second man, attempting the same maneuver but responding a split second too late, has made the same move. The first man tucks the other way, but the second man has beat him to it. In an exquisite choreography of misinterpretation, the two men run right into each other on an empty sidewalk.

A Freudian would have no trouble interpreting the event. The two men, although they thought they were trying to avoid each other, were driven into

the California parole board. They did not. Skewed expectations produced a skewed result.

Who skewed the expectations? Creditulous observers might assume that it was the president's enemies who performed the word that a career-ending performance was in store. Students of the Petard Principle know that savvy presidential advisers would have been working double overtime to broadcast the message that Mr. Clinton's most shameful hour was at hand, thereby leveraging defeat into low-grade embarrassment.

Political analysts have sliced, diced and minced the results of the Minnesota gubernatorial campaign, desperately trying to explain how it is that one of the most enlightened and well-educated bodies of citizens in the United States decided that a professional wrestler with a shaved head should manage their affairs. It was the Petard Principle.

Every voting Minnesotan entered the booth convinced that Jesse Ventura was a fringe candidate, and every vote cast for him was done in that what-the-beck spirit that keeps so many Las Vegas wedding chapels busy. Every Ventura voter pulled the lever fully confident that no more than a handful of his or her fellow Minnesotans were doing the same. Surprise!

Hollywood, too, wrestles constantly with the powerful but sneaky influence of the Petard Principle. Until this summer, the wise guys thought they had it beat. Studying audience behavior, the studio marketers saw that the mere expectation of a film's success could help ensure success. By marketing a film as though it were destined to gross \$80 million on its first weekend, they could make audiences believe that a film was already a hit, and that they had better move fast and get it while it was hot.

Like a smart virus, the Petard Principle adjusted. The summer of 1998 will be remembered as the season when the blockbusters flopped. Nothing could have been bigger than "Godzilla," either the film itself, about a beast with a foot bigger than Donald Trump's hat size, or its advertising campaign.

Even so, audiences ran to "Something About Mary," a film that canny studio marketers recognized as having megahit potential — it has taken in more than \$170 million at the box office so far — but chose to advertise almost as though it were a quirky independent film. Faked out by an underplayed ad campaign, filmgoers nourished the illusion that buying a ticket to the film made them part of a small, independent-minded community making a creative choice.

Sort of like those Minnesota voters. The New York Times.

## LETTERS TO THE EDITOR

### Charity in France

In response to the report "French Charity: A Weak Culture of Giving in the Land of Fraternity" (Nov. 27):

It would be unfair to paint the French as a stingy nation because they donate less of their income to private charity than do Americans. French generosity, as the article points out, is expressed through the state's extensive and popular system of social protections.

The French would rather pay higher taxes and trust the government to distribute the money where needed than put their faith in privately run charitable organizations, many of which have proved to be extremely inefficient when not scandalously corrupt. Americans are no more altruistic than the French, since Americans' private donations are largely subsidized by tax deductions.

TOM STORER, Paris.

A visit during the recent cold spell here to any of the several offices of Secours Catholique or the St. Vincent de

Paul Society would have revealed a different, more vibrant level of generous help and caring among ordinary French people.

JAMES J. HOGAN, Paris.

### Impeachment Politics

Regarding "From Asset to Albatross: Republicans 'Out of Gas' on Impeachment" (Nov. 19):

Representative Jack Quinn, Republican of New York, is quoted as saying: "Henry Hyde is in a bit of a bind here [with regard to congressional impeachment hearings]. He's started down this track. Now the question becomes, how do we stop it?" That comment on the predicament of Mr. Hyde, the chairman of the House Judiciary Committee, is reminiscent of another quagmire driven by now-that-we're-here-we've-got-to-finish-the-job-logic-be-damned politics. Mr. Hyde might want to think about the fate of President Lyndon Johnson.

DAVID L. WAGNER, Ho Chi Minh City.

# TOGETHER WE'LL REACH THE HIGHEST GOALS!

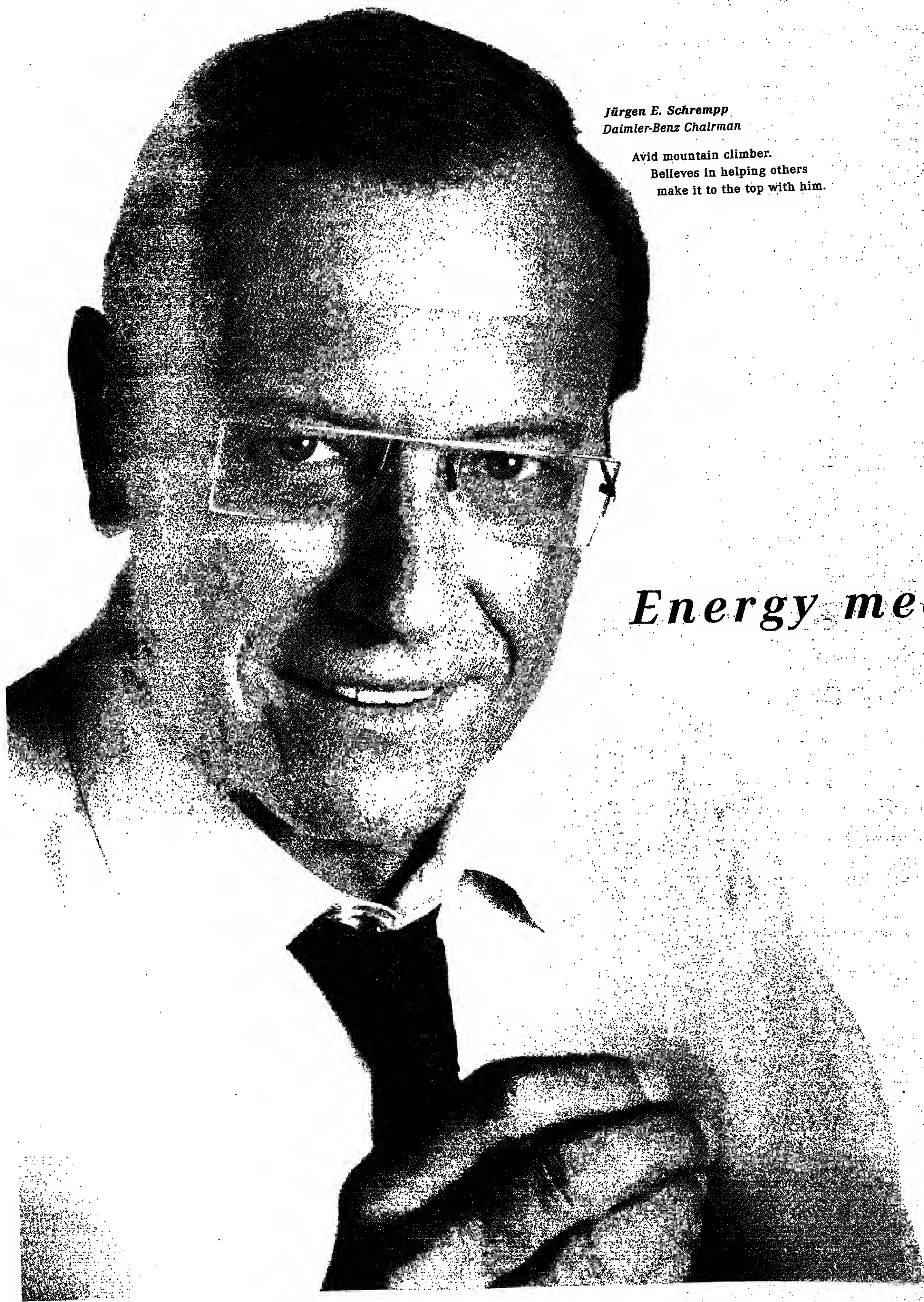
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*Jürgen E. Schremp*  
*Daimler-Benz Chairman*

Avid mountain climber.  
Believes in helping others  
make it to the top with him.

## *Energy meets energy*

Can you imagine 428,000 highly motivated people all working at the peak of their potential? We can. Because now the organization that founded its own university in order to help its employees

succeed has united with the company that became the first in the automotive industry to receive a coveted U.S. government EVE Award for promoting equal opportunity in the workplace. DaimlerChrysler

...an legendary company  
...are energetic  
...of extraordinary

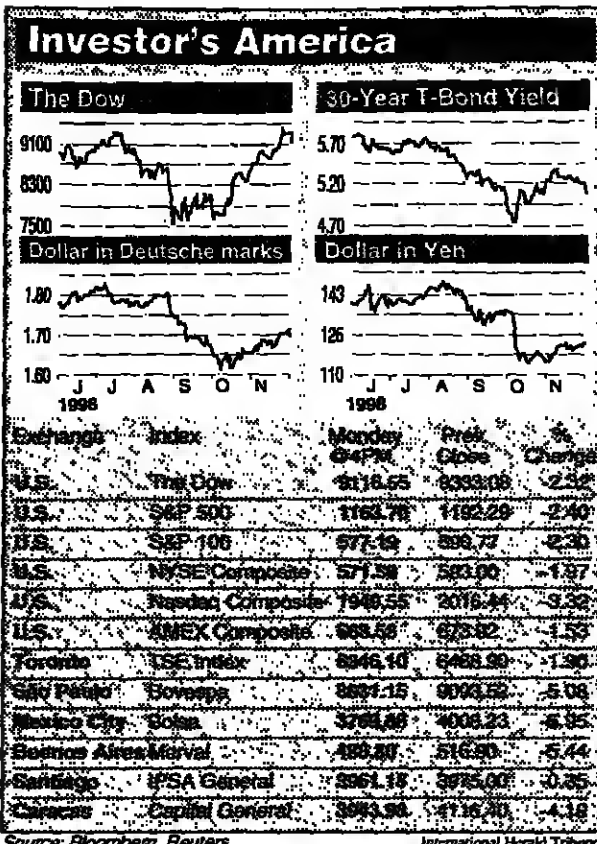






## THE AMERICAS

## Computer and Bank Stocks Lead Big Drop

Dashed Hope  
Of Rate Cut  
Hits Dollar

## Bloomberg News

NEW YORK — U.S. stocks fell sharply Monday from record levels, led by computer companies and banks, as investors scaled back their expectations for fourth-quarter profits.

Investors "worry that earnings can't keep pace with prices" after benchmark indexes rose more than 20 percent since early October to set records last week, said Scotty George, chief investment strategist at Corinthian Partners Asset Management.

At the close, the Dow Jones industrial average was down 216.53 points, or 2.3 percent, at 8,116.55. The Standard & Poor's 500 was down 28.59 points at 1,162.29, and the Nasdaq composite index fell 66.89 to 563.00. Declining shares outnumbered advancing ones by a

## ratio of about 2-to-1 on the New York Stock Exchange.

Analysts expect earnings of companies in the S&P 500 to increase 5.7 percent in the fourth quarter, as recently as the beginning of October, they expected 9 percent growth, according to First Call Corp.

## The reduced expectations took

## U.S. STOCKS

their toll on bank stocks, which had rebounded sharply in recent weeks from the lows they hit this summer when investors feared a recession.

Bank One fell 2 to 51 1/2, U.S. Bancorp slipped 1 9/16 to 36 9/16 and Wells Fargo fell 1 7/16 to 35 1/4. Citigroup fell 3/4 to 50 1/4.

"Banks ran up a great deal and people are now looking to see whether prices are justified by earnings," said Richard Caro, a portfolio manager at Summit Bank.

"Earnings for banks and brokerages in 1999 are likely to slow and be somewhat less than we have been accustomed to in the last few years."

Computer stocks were also among the market's leaders in the recent rebound, and that pattern held Monday when the market sank. Dell Computer fell 3 to 60 5/16 and Apple Computer slumped 3 1/4 to 31 1/16.

Internet-related companies, buoyed this autumn by expectations of a burst of holiday shopping over the World Wide Web, fell as investors tempered their enthusiasm. Egghead.com fell 6 1/4 to 25 1/4. Egghead, which operates three retail Web sites, had more than doubled in the previous three trading sessions.

Amazon.com, the biggest seller

## of books and music over the Internet, fell 2 1/4 to 192. Books-A-Million, a competitor whose stock soared last week after the company introduced an enhanced Web site, fell 9 7/16 to 29 1/4.

Treasury prices showed solid gains as investors pulled money out of stocks. The benchmark 30-year bond was up 1 12/32 at 102 23/32, driving down the yield to 5.07 percent from 5.16 percent.

In other markets, oil prices plunged after the Organization of Petroleum Exporting Countries failed at a meeting last week to extend an agreement on supply cuts, raising expectations that more oil will be produced.

Crude oil for January delivery fell 77 cents, or 6.5 percent, to \$11.09 a barrel, on the New York Mercantile Exchange.

## NEW YORK — The dollar fell sharply against the Deutsche mark Monday as a number of top European and German central bank officials played down the prospects of imminent cuts in European interest rates.

A Bundesbank council member, Hans-Juergen Koebnick, said there was no urgency now for a rate cut in Germany or Europe, while another council member, Frank-Christoph Zeiler, said a rate cut could be pursued if European governments found a way to coordinate their policies.

Meanwhile, a European Central Bank member, Sirik Hamalainen, further dampened market hopes for a rate cut, noting that core European interest rates are far lower than those in the United States or Britain.

That suggests that rates will converge at the current German and French benchmark rate of 3.30 percent as Europe moves toward adopting a single currency, beginning with the first group of 11 countries on Jan. 1.

"We're not going to get a rate cut by the European Central Bank" was the first query of 1999, said Tyn Horan, a bond manager at Lord Abbett & Co.

The dollar had been rising since mid-October on talk that the bank, which will manage monetary policy for the countries adopting the euro, might cut rates quickly in response to slowing economic growth.

"Every so often there's speculation the ECB or Bundesbank is going to cut rates," said Stephen Gallagher, an economist at Societe Generale. Then a central banker "comes out and cuts the legs off from under that speculation."

Mr. Zeiler, in a pre-release of an interview with the German regional business magazine *Oberfranken*, said interest rate policy in Europe "isn't restrictive."

In 4.8 trading, the dollar fell to 1.640 Deutsche marks from 1.712 DM on Friday. The dollar rose to 123.15 yen from 123.04 yen, supported by a continuing outlook that Japan will soon emerge from a seven-year economic slump.

Against other currencies, the dollar fell to 5.6815 French francs from 5.7445 francs and to 1.3942 Swiss francs from 1.4135 francs. The pound fell to \$1.6478 from \$1.6533. (Bloomberg, Market News)

Medtronic Inc.  
To Buy Medical  
Device Maker

## The Associated Press

## MINNEAPOLIS — Medtronic Inc., one of the world's largest medical device makers, said Monday it would buy Arterial Vascular Engineering Inc., the leader in making coronary stents, for about \$3.7 billion in stock.

Stents are small mesh devices that are used to prop open blocked arteries after surgery.

The deal is Medtronic's fifth purchase agreement since July. The combined vascular business of the two companies is expected to generate more than \$1 billion in revenues next fiscal year.

Medtronic, based in Fridley, Minnesota, develops and makes pacemakers, defibrillators and other medical devices. This is the fifth acquisition that Medtronic has announced since July.

In addition to stents, Arterial Vascular designs and makes balloon catheters, guidewires and guiding catheters.

Under the pact, Medtronic would exchange \$54 in its stock for each share of Arterial Vascular stock.

The acquisition, subject to shareholder and regulatory approval, is expected to close next spring.

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## Wary Optimism for Holiday Sales

## U.S. Retailers Are Off to a Good Start, but They Stay Cautious

## By Sharon R. King

## New York Times Service

## NEW YORK — While unexpectedly warm weather brought hordes of shoppers to malls during the Thanksgiving weekend, most American department store executives were expressing just cautious optimism about sales for the holiday season.

"It was an O.K. two days," said Michael Gould, chairman and chief executive of Bloomingdale's, a unit of Federated Department Stores Inc. Referring to the percentage rise in sales over the comparable period a year ago, Mr. Gould added that Bloomingdale's saw a "solid single-digit improvement" over the weekend, led primarily by sales of apparel and other furniture, food, and housewares such as crystal.

"They're big days," he added, "but they're only two of the top 20 days of the year."

Burton Tansky, executive vice president of Neiman Marcus Group, expressed similar sentiments.

"We did fine," Mr. Tansky said, adding that popular items during the weekend were cashmere sweaters, fine jewelry and accessories like evening scarves and shawls. "It was a good weekend."

Analysts and most retailers agree that U.S. consumers stepped into this holiday shopping season much more upbeat than they did even a month ago, aided in part by the

recent resurgence of the stock market. But whether consumer confidence will translate into strong sales remains an unanswered question.

Retailers would not even offer Thanksgiving weekend sales numbers or precise forecasts for the rest of the holiday season, perhaps they have learned a lesson from previous disappointments. After two years of sales that began strong during the Thanksgiving weekend but then fizzled by the end of December, even the brightest Thanksgiving forecast may not hold up.

General forecasts are for about a 6 percent increase in retail sales this season.

Teleshopping Services Inc., which tracks personal check use at more than 20,000 stores each month, said

that check use at department stores nationwide increased by 4.4 percent for the day after Thanksgiving, known as Black Friday because of its positive impact on retail profits.

That gain was stronger than either 2.2 percent last year increase or the 3.6 percent gain in 1996.

The company expects a 3 percent to 5 percent increase in check use in the holiday season, said William Ford, senior economic adviser at Teleshopping Services.

While checks are not a preferred method of payment for most shoppers, Teleshopping's numbers are often consistent with industry trends.

Toy stores, discounters and online retailers seemed to buck the trend, with many reporting strong sales over the weekend.

## NEW YORK — Metropolitan Life Insurance Co., one of the country's biggest insurers, has said it was taking the first steps toward reorganizing in a way that would turn it into a stock-based corporation and provide a windfall of as much as \$14 billion for its policyholders.

## The money — profits that have accumulated for decades — would be shared, according to a complex formula, by the mutual company's 12 million life insurance policy-

## holders, who are its formal owners. The average payment to each policyholder works out to \$1,166, based on the company's latest report of its accumulated profits or equity at the end of last year.

But most policyholders of Met Life are likely to receive somewhat more or less, depending upon such factors as the size of the policy, how long it has been in effect and the amount of the premiums. The reorganization will permit the company to issue stock for the first time.

MetLife, which has been a mutual company since its founding in 1843, is the largest of the three major life insurers in the United States, with assets of \$1.1 trillion. It is the only one of the three that is not a member of the American International Group Inc., which is based in New York City.

MetLife's reorganization is the first of a series of moves that the company has been making to prepare for a possible public offering of its common stock. The company has been working on this for several years, and the reorganization is a key step in that process.

The reorganization will involve the conversion of MetLife from a mutual company to a stock-based corporation. This will allow the company to issue common stock to its policyholders, who are its formal owners.

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## EUROPE

## BIS Remains Cautious on New Markets

**Zurich** — Bankers joke that the term "emerging market" is defined as "a market you cannot emerge from in an emergency." European banks, stung by surprises in Russia and Latin America, are likely to keep their noses in mind and remain extra cautious in months ahead regarding their exposure, analysts say.

The prevailing mood is different from earlier this year, when many banks saw problems in Asia as fairly well contained, as the latest data from the Bank for International Settlements published Monday show.

European banks in some cases are still increasing their exposure to Eastern Europe and Latin America in the first half.

The situation has changed after Russia's economic problems in the third quarter, said Mohammed El-Mechaieq, European head of emerging markets research at Merrill Lynch.

"We expect when you look back on this year," he said, "you will see a reduction in net flows to emerging markets, with two components: showing the biggest change. One will be bank lending and the other will be portfolio flows."

Regarding the situation in emerging markets, he added: "If you look at the set of indicators we look at, they are not flashing red as they were a few months ago. But they are certainly not flashing green. At best they are flashing orange."

"We remain worried about the outside risks," he said.

Bank for International Settlements data show that as late as July, Russia, riding a wave of confidence after an agreement with the International Monetary Fund, was able to exchange domestic Treasury bills for seven- and 20-year euro-dollar bonds totaling \$6.4 billion.

But problems just ahead included a historic widening of yield spreads as the value of emerging market debt plunged. Markets were further destabilized when Russia set a partial moratorium on some government debt and opted for a de facto devaluation of its currency.

In Eastern Europe, banks as a group reduced their lending to Russia, according to BIS. But German banks and some others increased their activity there in the first half.

## Telecom Sectors to Open in Spain and Ireland

Compiled by Our Staff From Dispatches

Spain and Ireland will throw open their telecommunications markets to full competition Tuesday, falling into step with most of their partners in the European Union.

While the moves are aimed at driving down prices and meeting demand for new services, they promise further turmoil for both countries' former monopoly phone companies, which have already been buffeted by the phasing in of partial competition over the past few years.

Telefonica SA, Spain's formerly state-controlled telephone company, is suing the government for going too far. Spain wants Telefonica to cut by as much as 50 percent what it charges competitors to pass calls through its network.

With Telefonica already privatized and limited competition in place, fully opening the market means giving any interested company a license to set up shop.

Analysts hailed the government's proposal to cut interconnection fees as a sign Spain was committed to insuring fledgling competitors gain a foothold in Telefonica's backyard.

Spain was initially deemed to be so far behind in telecommunications liberalization that it was granted a four-year extension beyond the deadline of last Jan. 1, along with Greece and Ireland. The current conservative government and its Socialist predecessors passed a flurry of legislation to speed the process, allowing Spain to renounce much of the extra time.

Competition in basic telephone

began in January, when Telecom Italia SPA and Endesa SA, Spain's biggest power company, started Retevisión SA. The second telephone company has captured more than 8 percent of the long distance and international phone call market. Lince, a company controlled by France Telecom SA, starts basic phone service this week.

In Ireland, companies once restricted to offering long-distance and other telecommunications services to the business community will be able to compete with the dominant player, Telecom Eireann in all areas, including residential usage. Demands from Ireland's large multinational computer sector prompted the government to hasten full competition.

Irish regulators said they had licensed 29 companies to provide

services in competition with Telecom Eireann and its largest competitor, Esat Telecom Plc.

"All the big players are there. There are no real surprises," said Ciaran O'Neill, a telecommunications analyst at NCB Stockbrokers. He said most of the companies granted licenses aimed to specialize in the market.

Esat, which has provided business users with telephone services since 1994, introduced a residential service Monday that it said would be 10 percent to 15 percent cheaper than Telecom Eireann.

"The granting of telecom licenses marks a tremendous change," Denis O'Brien, chief executive of Esat, said. "Telecom Eireann will face real competition for the first time in 70 years."

(Bloomberg, Reuters)

## LIFFE Plugs Into Modern-Age Trading

Compiled by Our Staff From Dispatches

**LONDON** — London International Financial Futures Exchange traders swapped their multicolored jackets and verbal jousting for silent computer terminals Monday as the top derivatives market in Britain finally embraced new technology.

The exchange, known as LIFFE, switched on its Connect electronic screen trading system to allow trading in options on 75 individual equities. By the close, a total of 11,642 lots had changed hands, and the exchange said it was satisfied with the first day's business. All 47 members and an estimated 100

traders used the new system.

LIFFE was forced to bring in the Connect system and move from the traditional open outcry trading after a dramatic loss of business to the German-Swiss electronic exchange Eurex, which this year overtook LIFFE to become the largest European derivatives market.

Volume was light Monday, which helped ensure a smooth transition.

A director at one options firm said the switch had gone well. "Things have been quiet," he said. "I don't think any of us wished to have a very volatile day on the first day."

For traders, the switch to office-based screen trading signals the end of an era and the loss of the camaraderie typical of the noisy and volatile open-outcry trading floor. There, gamely-faced blazers decried which firms traders represented.

"They have all got a steep learning curve ahead of them," the options firm's director said. "They will be more active a week from now, and more active in a month than they are this week."

LIFFE hopes that the belated introduction of electronic trading — more contracts will be added in 1999 — will rejuvenate the market.

## Entergy Plans To Sell London Utility to EDF

Bridge News

**LONDON** — Entergy Corp. said Monday that it would sell London Electricity PLC, a British regional power supplier, to the French national utility Electricite de France for \$3.19 billion.

Entergy, which is based in New Orleans, bought London Electricity in February 1997 for \$2.1 billion and put it back on the market in August as part of a global restructuring. Entergy has two power plants under construction in Britain.

Entergy said it would generate \$860 million in cash from the deal after liquidating the debt it took on to buy the company.

EDF's acquisition of London Electricity would give it a foothold in a deregulated market, but that aspect may draw attention from British regulators. Some British companies have complained that they, in turn, are powerless to compete against EDF on its home turf.

(Reuters, Bloomberg)

## Dissident Investor Sells Bouygues Stake

Compiled by Our Staff From Dispatches

**PARIS** — Francois Pinault, the French investor, has bought 12.6 percent of the industrial conglomerate Bouygues SA from Vincent Bolloré, another French businessman, for 3.8 billion francs (\$665.2 million).

Mr. Bolloré said Monday he sold the stake, which he acquired a year ago, because of the "impossibility" of getting management to accept his

strategic proposals. Mr. Bolloré wanted Bouygues to divest itself of its mobile-phone operations to focus on its other businesses: construction, utilities and television.

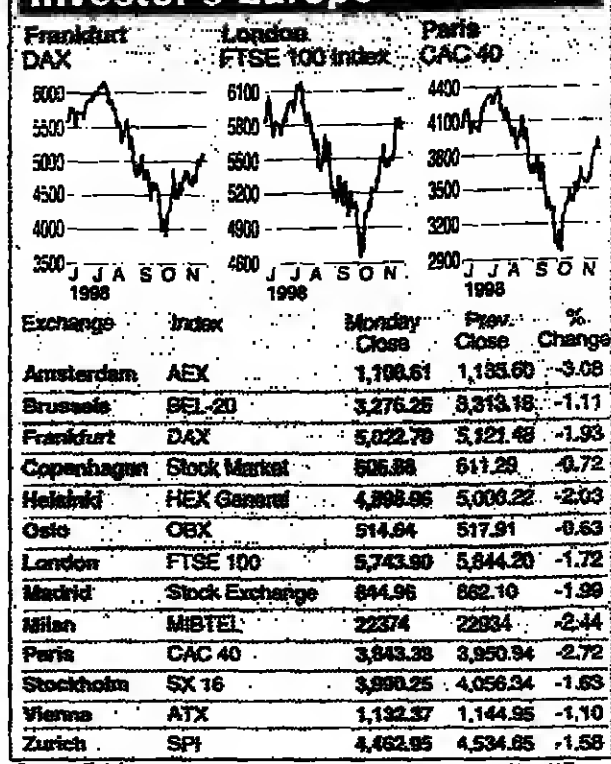
Mr. Bolloré's unexpected decision marks the end of one year of tension between him and the sons of Francois Bouygues, who created the company in the 1950s. Since Mr. Bolloré acquired a stake in Bouygues, the shares have doubled on the

view the two sides would one day fight over control of the company. Bouygues stock fell 83 francs to 1,060 as investors concluded that the sale lessened the chance of a battle.

"Everyone is quite puzzled by Pinault's move," said Hubert Challe, a money manager at CCF Gestion. The sale lifts the total stake owned by Artemis, Mr. Pinault's holding company, to about 16 percent.

(AFP, Bloomberg)

## Investor's Europe



## Very briefly:

• Vickers PLC said it would pay \$304 million (\$503 million) for Ustlen Holding ASA of Norway, excluding its ship building division. The price values each share of the marine engineering group at 180.75 Norwegian kroner (\$24.03) and its entire share capital at \$314 million.

• Rexam PLC bid 7.77 billion kroner (\$953 million) in cash and assumed debt for PLM AB, Sweden's top consumer packaging company, to cement its position as Britain's No. 2 maker of food containers and beverages. Rexam said it had offered 118 kroner in cash for each PLM share, a 38 percent premium to Friday's close.

• News Corp. and MCI Worldcom Inc. said they would sell broadcast licenses and other assets to EchoStar Communications Corp. in exchange for a 37 percent stake in the satellite broadcaster.

• Bulgaria will slash three inflation-imposed zeros from its currency, the lev, to make payments easier under a draft law approved by the government.

• European Union finance ministers remain divided over who should speak for the 11-country single currency at meetings of the Group of Seven and International Monetary Fund, EU officials said. Backed by small states such as Belgium and Portugal, the European Commission stepped up its campaign to be included in a committee that would lobby for the 11-country euro zone on the world stage.

• Placer Dome Inc. said it would pay \$235 million for a 50 percent stake in Western Areas Ltd., a South African gold company that plans to increase its gold resources seven-fold by 2002.

• Pearson PLC said its broadcasting unit Recolectos was seeking to buy up to 30 percent of Unidad Editorial, the publisher of Spain's El Mundo, for up to £43.6 million.

(Reuters, Bloomberg)

## WORLD STOCK MARKETS

Monday, Nov. 30

Daily prices in local currencies

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## INTERNATIONAL

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## INTERNET: Magaziner's Legacy Is U.S. Laissez-Faire Policy

Continued from Page 11

birth." While even an outspoken critic like Mr. Rostenberg gives Mr. Magaziner "a lot of credit for his energy, his smarts, and his ability to create a coherent vision for the administration," he added, "At the end of the day, it can be fairly asked whether the administration's policy was based on self-regulation or on promoting business interests."

The paradox is that such criticism is the antithesis of widespread criticism of the plan for a heavily regulated national health care system that Mr. Magaziner and Hillary Rodham Clinton proposed during the president's first term.

Where the Internet policy is seen as laissez-faire, the health care plan was criticized as government meddling. And shaping Internet policy has been a comparatively low-key effort, consensus driven and largely devoid of the partisan politics that Mr. Magaziner largely blames for the health care plan's demise. It was also an effort that began almost accidentally, without preconceived political agendas, he said.

"Initially, when health care failed, I actually offered to resign," Mr. Magaziner said in an interview over the weekend. "The president said no. He suggested that I do something in a different area—not in health care because Hillary and I had both become radio-

active on that subject." So in 1995, Mr. Magaziner recalled, he and the late commerce secretary, Ron Brown, and Mickey Kantor, then the U.S. trade representative began holding hearings around the country to develop an economic development strategy.

"There really was almost no electronic commerce on the Internet then,"

**It became very clear to me that if we set the right environment, the Internet and electronic commerce were going to explode.**

Mr. Magaziner said. "But it became very clear to me that if we set the right environment, the Internet and electronic commerce were going to explode."

He added: "When I presented that, to be honest, I think a number of people didn't understand. But the president did."

Mr. Magaziner then set out to formulate a new policy for the administration and to sell those goals domestically and abroad.

"Initially, there was suspicion of the United States and the fact that the In-

ternet started here and that somehow we were trying to use this whole policy to further the American agenda around the world," he said.

Eventually, he said, "principles we began espousing spread around the world."

On an issue even more contentious than electronic commerce, Mr. Magaziner recently wrapped up an agreement for turning over administration of the Internet's addressing system, which has historically been managed by government contractors, to a private, nonprofit corporation—a big step in Internet self-governance.

Now, Mr. Magaziner says he feels his role is played out. "We accomplished more than the goals we set out for," he said. "I think it is a good time to return to private life."

After wrapping up his White House duties in the next few days, he will join his wife and three children in Rhode Island and decide what the future holds for him professionally.

"I think he did a very good job," said Mr. Farber of the Electronic Frontier Foundation. "He was very visible to the Internet community."

He tried very hard to get into the culture. He got on-line. He traveled. He had to meet these people." In the end, Mr. Farber said, "He probably decided the whole Internet community is wacky. And it probably is."

## WINE: South Africa's Black Vintners Find New Life at Vineyard

Continued from Page 11

New Beginnings produced 60,000 bottles of wine this year, Mr. Tius said. Wine from its own grapes were blended with other grapes from Nelson's Creek. The profit from sales was about \$125,000, he said.

Mr. Tius said the workers had taken a "socialist approach," agreeing to put their half of the profits into a second trust fund to go toward medical and pension plans, education, and a nursery and soccer club for their children.

A flexible work schedule at Nelson's Creek enables the workers to continue their jobs there and also work their own land. Instead of paying for overtime, Mr. Nelson puts that time a "bank" from which workers can draw when

they need to tend their own vineyard. Mr. Adams said that not only has morale improved among the laborers since they started their own business, but productivity on the Nelson wine estate has also improved and equipment is being better maintained because the workers are using it for their own farming.

"I think it's logical. It makes economic sense," Mr. Tius said. "There is such a lot of good that can come out of it, whether for a business or farmer."

The workers, who have seen their salaries increase through Mr. Nelson's trust fund, recently voted to give themselves their first bonus—\$90 to each of the 16 families.

Mr. Tius said one worker asked him to drive him to town so he could open

up a savings account. Two others purchased television sets, another invested in a new stove and another family bought an outfit for their daughter to wear to her confirmation.

Mr. Tius said wine agents from Belgium, the Netherlands and some Scandinavian countries have approached New Beginnings, partly because of its participation in trade fairs in London and Brussels this year.

He said the European agents wanted to market the wine as a black venture because their countries had supported the anti-apartheid movement.

"I think this is what is needed to show the rest of South Africa," Mr. Tius said. "They have to think, maybe there's something to this, if there is so much interest overseas."

Moon Group's Firms  
To File for Bankruptcy

Bloomberg News

SEOUL—Tong Il Group of South Korea, controlled by the Unification Church of Sun Myung Moon, said Monday its four publicly traded units would file for bankruptcy.

A grace period granted by creditors on claims of 981.8 billion won (\$790 million) against Tong Il Heavy Industries Co., Hankook Titanium Co., Il Sung Construction Co. and Il Shin Stone Co. expired Monday, said Seo Pyung Kyoo, head of the group's financial department.

Moon Jin Ho, vice president of Tong Il Heavy Industries, said to the Korea Stock Exchange that the company was declared insolvent after it failed to settle 234 million won of debts that matured Saturday.

Other units of the group did not have debts maturing immediately and will stay afloat for now.

Tong Il Group creditor banks had put their claims on hold in July to allow time for working out rescue plans, including possible injection of funds by the Unification Church, a worldwide movement thought to have considerable wealth.

If the courts grant the companies bankruptcy protection, their liabilities will be frozen while further attempts are made to sort out their problems.

Tong Il Group would be the latest industrial group to fall victim to the country's deepest recession in 45 years.

The country's top five conglomerates owed 160 trillion won to financial institutions in the form of corporate debt sales and borrowings as of the end of October, up 17 trillion won from December, last year, the Financial Supervisory Commission said.

## Malaysian Carrier Posts Loss

Bloomberg News

KUALA LUMPUR—Malaysian Airline System Bhd., the country's flagship airline, said Monday it had posted a first-half loss that was more than expected, as overseas costs soared and ticket sales fell.

The company said it had a loss of 441.1 million ringgit (\$116 million) for the six months ended Sept. 30.

A year earlier, the airline had a profit of 23.5 million ringgit.

The airline also warned that second-half performance would remain "poor."

Earnings were "adversely affected by the decline in traffic demand," the company said. Also, "the weak ringgit contributed to higher costs and exchange losses."

Patrick Tan, assistant director of ABN-Amro Asia Equity Research in Kuala Lumpur, said the Asian crisis "has taken a severe toll" on the airline's operating margin.

The loss underscores the pain inflicted by the 34 percent slide in the country's currency in the 12 months before it was fixed to the U.S. dollar on Sept. 2.

The airline posted a foreign-exchange loss of 176.5 million ringgit.

The airline has total debt of 10 billion ringgit, which is mostly in dollars. This has ballooned as a consequence of the ringgit's weakness.

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ASIA/PACIFIC

# RHB Chief Swaps Control for Capital

**KUALA LUMPUR** — The Malaysian financier Abdul Rashid Hussain, who founded the country's second-largest banking group Monday as it reported its biggest loss ever.

The Pahang state agreed to buy 29 percent of the group, Rashid Hussain Bhd., or RHB, by swapping state assets including stakes in a plantation and real estate company — for 530 million ringgit (\$139.5 million) of RHB stock.

At the same time, Damamod National Bhd., a government agency that was formed to pump fresh capital into state banks, will buy a 30 percent stake in RHB Bank from RHB Capital, the financial services unit of the group.

RHB and its subsidiaries will receive a total of 2.4 billion ringgit in fresh capital. But Mr. Rashid's personal stake in the company, which he founded 15 years ago, will shrink to 17 percent from 29 percent.

"I have mixed feelings," said Mr. Rashid, 53. "I have to make some sacrifice, but bottom line is I saved the group."

The financial services empire built by Mr. Rashid, which includes overseas offices and brokerages in New York, London and Singapore, has been hurt by a string of loans to politically well-connected companies that turned sour.

For the 18 months ended June 30, RHB Capital posted a loss of 657.7 million ringgit as it set aside 1.09 billion ringgit for bad loans. The unit changed its financial year-end to June 30 from Dec. 31. The company recorded a profit

of 758.4 million ringgit in 1997.

Under the package announced Monday, the Pahang state will buy 29 percent of Rashid Hussain Bhd. for 530 million ringgit in stock. In return, RHB will get Pahang state assets, including a plantation company, Far East Holdings Bhd., and a property company, Pasdec Holdings Bhd.

"Our partnership with RHB will enable us to take a quantum leap at an opportune time to invest," said Pahang's chief minister, Mohamed Khalil Yacob.

In the other part of the transaction, Damamod will pay RHB Capital 725.4 million ringgit for the stake in RHB Bank. In return, Damamod will receive preference shares in RHB that it can offer for public trading in five years.

(AFP, Bloomberg)

quarterly review of its \$17.2 billion International Monetary Fund bailout program, to be presented Tuesday.

The government plans to seek revisions in the plan that will allow spending on infrastructure projects — rather than the adoption of austerity measures — as a way to climb out of recession.

Among the expected changes from three months ago is a near doubling of the 1999 budget deficit, to 5 percent of gross domestic product, officials at the Finance Ministry said.

The government wants to boost spending by about \$2.2 billion — mostly for public works and work programs for the unemployed — to propel the economy to an expansion of at least 1 percent next year, from an expected contraction of 8 percent this year.

"The IMF has expressed no objection to an increased deficit," Deputy Prime Minister Supachai Panichpakdi said last week.

(AFP, Bloomberg)

## Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
10000	1500	10000
9000	1400	9000
8000	1300	8000
7000	1200	7000
6000	1100	6000
5000	1000	5000
4000	900	4000
3000	800	3000
2000	700	2000
1000	600	1000
0	500	0

Source: Reuters

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### NOTICE TO SHAREHOLDERS PAYMENT OF INTERIM DIVIDEND

An interim dividend of US\$ 0.85 per ordinary share and US\$ 0.95 per preferred share will be paid for the current fiscal year.

Such dividend will be payable, subject to the laws and regulations applicable in each country, starting December 9, 1998, against surrender of coupon no. 3 of the ordinary share certificates and coupon no. 3 of the preferred share certificates, at the offices of the paying agents listed below:

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- in Italy: all the leading banks;
- in Switzerland: Crédit Suisse, Banca Commerciale Italiana (Suisse);
- in France: Lazard Frères & Cie;
- in the Federal Republic of Germany: Commerzbank;
- in Great Britain: SBC Warburg, Lazard Brothers & Co.;
- in The Netherlands: ABN-AMRO Bank;
- in Belgium: Banque Bruxelles Lambert.

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## Glitch Halts Trade On Tokyo System

**TOKYO** — The Tokyo Stock Exchange halted trading of some Japanese government bond futures Monday, the latest in a series of woes for the exchange's new electronic trading system for options and futures.

The exchange has yet to pinpoint the bug, said Kiyoshi Shimizu, managing director of the exchange.

The glitch said it was confident the problem would be fixed by Tuesday, said Mitsuru Sanyama, director of trading systems. The problem only affected government bond futures for March 1999 delivery, he said.

"The problems come at a bad time for the exchange, which is preparing to compete with privately run electronic exchanges."

## Mixed Signs for Thai Recovery

**BANGKOK** — The Thai central bank warned Monday that slow progress in restoring the country's financial system was threatening prospects of economic recovery.

Despite announcing a trade surplus of \$1.1 billion in October, the Bank of Thailand said in its monthly release of indicators that signs were mixed that a recovery may be on the way.

A bank spokeswoman, Aitcha Waiquandee, said commercial bank credit, down 4.3 percent after a rise of 0.4 percent in September, was of primary concern.

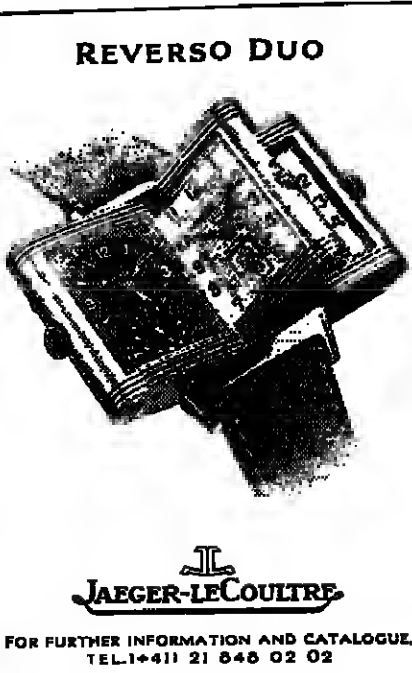
"In the period ahead of economic recovery, what the central bank wants to see is an increase in commercial bank credit" and increases in imports of raw materials and intermediate goods, she said.

The expression of concern came before the government finalizes its sixth

## Very briefly:

- China's central bank will adopt an "appropriately tight" monetary policy in the medium to long term, the bank's governor, Dai Xianglong, said.
- South Korea will make detailed financial statements of Pohang Iron & Steel Co., Korea Electric Power Corp. and 19 other state-run companies available to the public for the first time as a condition of the \$60 billion rescue package it received from the International Monetary Fund.
- PT Astra International, Indonesia's largest carmaker, posted a loss of 487.2 billion rupiah (\$64.1 million) in the first nine months, compared with a profit of 326 billion rupiah in the similar period last year, on sales that fell 22 percent as the country slid into its first recession in more than three decades.
- Joyce Boutique Holdings Ltd., an ailing retailer, sold a 20 percent stake to the Italian textile and publishing group Holding di Partecipazioni Industriali SpA for 34 million Hong Kong dollars (\$4.4 million).

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**NYSE**

**Monday's 4 P.M. Close**

The 2,600 most traded stocks of the day.  
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 The Associated Press

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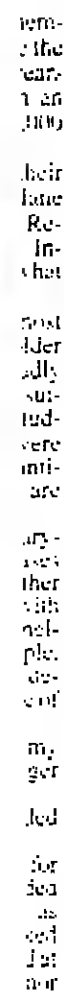
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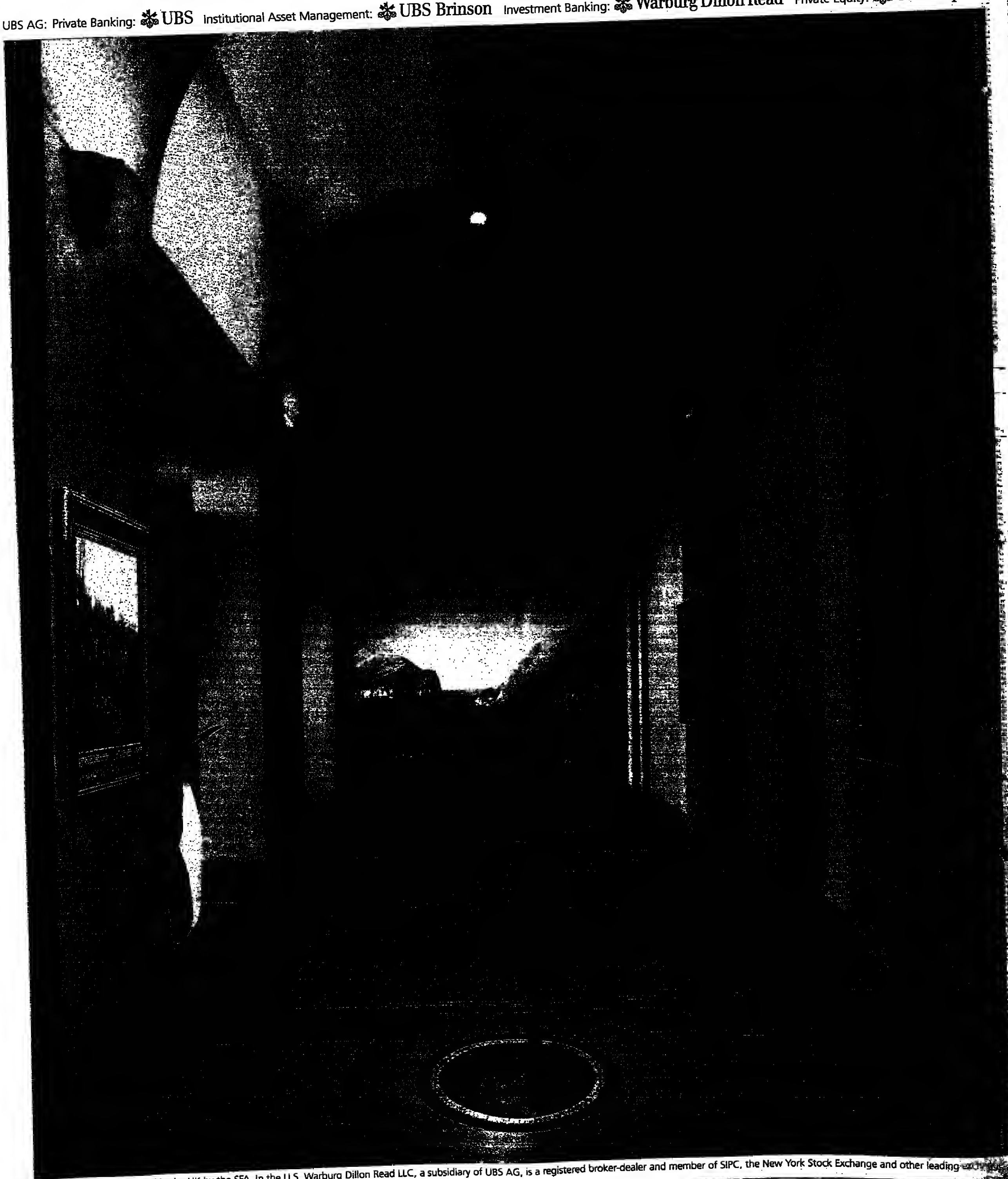
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## SPORTS

# Arizona Gets Johnson for 4 Seasons for \$53 Million

**The Associated Press**  
Randy Johnson, the most sought after pitcher among this year's baseball free agents, agreed to a \$53 million, four-year contract with the Arizona Diamondbacks on Monday.

Johnson, a left-handed power pitcher, also has been considering offers from the Anaheim Angels, the Los Angeles Dodgers and the Texas Rangers. While there was no immediate announcement of the deal, it was confirmed by a source familiar with the negotiations. The Diamondbacks planned to announce it later Tuesday, the source said.

Johnson makes his home in Glendale, Arizona, a comfortable-driving distance from Bank One Ballpark in Phoenix. "For us, it's obvious there are family issues," Johnson's agent, Barry Weisler, told a Phoenix radio station. "We have a commitment that the Diamondbacks are going to do what it takes to get to the World Series, and we believe that."

The average annual value of Johnson's contract is \$13.25 million, the second-highest in baseball behind the \$33.33 million Mo Vaughn will get under the \$80 million, six-year contract he agreed to with Anaheim last week.

Johnson, 35, was 10-1 with a 1.28 earned run average and 116 strikeouts in 84 1/3 innings this year for the Houston Astros, who acquired him from Seattle on July 31. He struck out 329 this season, leading the major leagues.

Johnson has a 143-79 career record, striking out 2,329 in 1,978 1/3 innings.



Fans of Argentina's soccer club Boca Juniors celebrating a draw with Independiente to give Boca the league title.

## Inter Fires Coach and Courts Romanian

**Compiled by Our Staff From Dispatches**  
Inter Milan fired coach Luigi Simoni on Monday.

Massimo Moratti, the club president, then met with Mircea Lucescu, the coach of Rapid Bucharest. Rapid officials said Inter wanted to hire Lucescu and that the two were discussing a contract. Lucescu coached Romania in the 1990 World Cup.

Inter beat Real Madrid in the Champions League last Wednesday but its

form has been fitful. Ronaldo, the club's star, has missed 13 of its 22 games. He said Sunday he will have to ration the games he plays to protect his knees.

"I have a chronic injury problem," Ronaldo said. "I'm not the player of last year, and I cannot play in all our games."

"We have got to draw up a program and make some choices so that I play in all the important games."

## Everton Chairman Resigns

In England, a conflict between a club manager and his chairman led to a rare victory for the manager. Reimers reported from Liverpool.

Peter Johnson resigned Monday as chairman of Everton following a dispute with Walter Smith, the team manager, over the sale of Duncan Ferguson to Newcastle. Smith threatened to resign after Johnson sold the striker without telling him.

# Boca Juniors Clinch The Title in Argentina

## Police Fire Rubber Bullets at Looting Fans

**Compiled by Our Staff From Dispatches**

Boca Juniors, Argentina's most fanatically supported club, has won the national championship for the first time in six years.

Boca drew its home game, 0-0, against Independiente, but celebrations had begun at the Bombonera stadium

## WORLD SOCCER

before the final whistle, as news came through that Gimnasia-La Plata, the only team that could have caught Boca, had been held 1-1 at home by Rosario Central.

The results kept Boca, unbeaten in 17 games, nine points clear of Gimnasia with two rounds to play in the Apertura championship.

The Apertura is the first of two championships in the Argentine season, which has no overall champion.

Thousands of Boca fans poured onto the streets of central Buenos Aires to celebrate their team's triumph at the Obelisk landmark.

However, the celebrations were marred by disorder. Two hundred fans were arrested over the course of the night.

Police fired rubber bullets at fans after they started breaking windows and looting shops.

Brazil's Santos striker Viola scored his 20th goal of the Brazilian championship as his team came from behind to beat Corinthians, 2-1, in the first leg of their semifinal.

Carlos Gamarra, a Paraguayan World Cup defender, gave Corinthians the title favorite, a first-minute lead, but Robson Luis equalized midway through the first half.

Corinthians have home advantage for the remaining two legs because of better overall record. The semifinals are played over three legs.

Cruzeiro beat Portuguesa, 3-1, at home in the other semifinal.

MEXICO Jorge Campos, the Mexican World Cup goalkeeper, was one of four players sent off as UNAM beat Cruz Azul in the quarterfinals of the Mexican championship.

Campos started the game in goal, but switched to attack when his team fell a goal behind.

UNAM advanced 4-3 on aggregate with both teams reduced to 9 men.

Temuco was penalized 15 points by the Chilean federation after failing to play its match against Concepcion.

Temuco's players were on strike over unpaid wages.

Temuco is now so far behind the rest of the league that it cannot escape being demoted a division.

That is assuming it is not expelled by the federation first.

ITALY Roma, down to 10 men and trailing, 3-1, to its local rival Lazio, staged a heroic recovery to draw, 3-3, Sunday night.

Maro Delvecchio put Roma in front in the 26th minute, but Roberto Mancini leveled just two minutes later and then made it 2-1 early in the second half.

Fabio Petrucci of Roma was sent off in the 65th minute. Marcelo Salas then increased Lazio's lead with a penalty kick.

But Eusebio Di Francesco scored for Roma in the 79th minute and Francesco Totti, the team captain, equalized three minutes later.

(Reuters, AFP)

## SCOREBOARD

### ICE HOCKEY

#### NHL Standings

##### EASTERN CONFERENCE

##### ATLANTIC DIVISION

##### CENTRAL DIVISION

##### NORTH DIVISION

##### PACIFIC DIVISION

##### WESTERN CONFERENCE

##### SMITHSONIAN DIVISION

##### STANLEY CUP PLAYOFFS

##### PLAYOFF RESULTS

##### PLAYOFF RESULTS

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### FOOTBALL

#### NFL Standings

##### AFC EAST

##### AFC NORTH

##### AFC SOUTH

##### AFC WEST

##### NFC EAST

##### NFC NORTH

##### NFC SOUTH

##### NFC WEST

##### PLAYOFF RESULTS

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### THE AP TOP 25

#### Top Twenty Five Teams in Associated Press college football poll, with first-place votes in parentheses, records through Nov. 26, total points based on 25 points for a first-place vote and one point for a 25th-place vote and ranking in previous polls.

##### Record Pts Pts

##### 1. Tennessee (11) 11-0 1,669 1

##### 2. Kansas St. (2) 11-0 1,638 2

##### 3. UCLA (2) 10-0 1,579 3

##### 4. Florida St. 11-1 1,501 4

##### 5. Ohio St. 11-0 1,427 5

##### 6. Arizona 11-1 1,359 6

##### 7. Florida 9-2 1,280 7

##### 8. Wisconsin 10-1 1,173 8

##### 9. Texas 11-0 1,100 9

##### 10. Texas A&M 10-2 1,014 10

##### 11. Arkansas 9-3 941 11

##### 12. Georgia Tech 9-2 843 12

##### 13. Nebraska 9-3 831 13

##### 14. Virginia 9-2 816 14

##### 15. Michigan 9-3 809 15

##### 16. Notre Dame 9-2 787 16

##### 17. Air Force 10-1 761 17

##### 18. Syracuse 9-3 750 18

##### 19. Georgia 9-3 749 19

##### 20. Texas Tech 9-3 748 20

##### 21. Oregon 9-3 747 21

##### 22. Penn St. 9-3 746 22

##### 23. Mississippi St. 9-3 745 23

##### 24. Missouri 9-3 744 24

##### 25. Virginia Tech 9-3 743 25

##### 26. Wake Forest 9-3 742 26

##### 27. Marshall 9-3 741 27

##### 28. North Carolina 9-3 740 28

##### 29. South Carolina 9-3 739 29

##### 30. Clemson 9-3 738 30

##### 31. Auburn 9-3 737 31

##### 32. Alabama 9-3 736 32

##### 33. LSU 9-3 735 33

##### 34. Mississippi State 9-3 734 34

##### 35. Kentucky 9-3 733 35

##### 36. Tennessee Tech 9-3 732 36

##### 37. Middle Tennessee 9-3 731 37

##### 38. Georgia State 9-3 730 38

##### 39. North Carolina State 9-3 729 39

##### 40. Wake Forest 9-3 728 40

##### 41. Virginia Tech 9-3 727 41

##### 42. Marshall 9-3 726 42

##### 43. North Carolina 9-3 725 43

##### 44. South Carolina 9-3 724 44

##### 45. Clemson 9-3 723 45

##### 46. Auburn 9-3 722 46

##### 47. Alabama 9-3 721 47

##### 48. LSU 9-3 720 48

##### 49. Mississippi State 9-3 719 49

##### 50. Kentucky 9-3 718 50

### U.S. COLLEGE SCORES

#### FOOTBALL

##### FOOTBALL RESULTS

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## What Are Friends For?

agree they're spellbinding."

"Blossom, it's against the law to tape another person without her knowledge."

"When they hear my tape I'll get immunity."

"Isn't there any way I can convince you that what you're doing is a very bad idea?"

"I doubt it. Tape-recording is like smoking, once you start it's impossible to give it up. Mona said that tonight she is going to tell me how the principal made her get him an egg salad sandwich when she was sent to his office for punishment."

Mrs. MacIntosh said, "I don't want to be a party to this. In our day you didn't tape your friends. You shared confidences with them. That is what they were there for."

"Mona would tape-record me if she had the opportunity."

□

"All right, do what you want to, but I hope you don't get caught."

"I won't. No one can see the microphone in my hair."

"You have it all thought out. Where did you learn all this?"

"I've been watching Linda Tripp. She is a role model to all of us."

"The Kids like her?"

"Is Elton John British?"

**Agence France-Presse**

**E**PERNAY, France — Champagne producers said over the weekend that 1998 was a good year for the fizzy white wine and looked forward to sales of some 300 million bottles in 2000.

Yves Benard, the director of the Union of Champagne Houses, said that fears of damage from autumn rains had gone unfounded and that the 1998 harvest had met expectations in both quantity and quality.

While looking forward to healthy sales in the year 2000, Benard warned that after an enormous explosion of corks to welcome in the millennium, sales might tail off in the rest of the year.

**By Philip Crawford**  
*International Herald Tribune*

**P**ARIS — The death of Frank Sinatra made people pause for a moment and think about music that endures and artists who define a genre, those whose influence is perhaps most visibly demonstrated by how many others try to imitate them.

When reflecting on that breed in the late 20th century — and on the funk, rap, hip-hop, rhythm and blues that make up most of what pours out of radios and music-television stations worldwide — it is difficult not to think of James Brown.

Brown, 65, who is just ending a European tour and heading to Japan to promote his new album, "I'm Back," is doing, quite simply, what he has been doing for most of the last 40 years: putting on a show.

His new 17-piece band, The Soul Generals, may no longer boast such marquee names as Maceo Parker, Bootsy Collins and Fred Wesley — all of whom used their perches in Brown's former band, the JB's, to start successful careers of their own — but the Generals are still a Brown-trained band.

That means they respond instantly to a raised eyebrow, a twitch of the shoulder or a trademark scream from their leader with staccato horn bursts and seamless segues into the next number.

Brown's voice is a couple of shades lower than in the old days, and seen from up close, he looks just like what he is: a man who has spent decades on the road playing one-nighters.

With so many miles on him, it seems remarkable that he manages to get around on stage the way he still does — no more splits but plenty of his signature mashed-potato and camel-walk steps. He pushes the microphone stand off balance, does a 360-degree spin and catches it — smack on the downbeat — just like he did at Harlem's Apollo Theater in 1962.

People ask if James Brown, at his age and in the wake of his well publicized run-ins with the law, can still "do it." But what exactly is "it?"

For Brown, it is what in the 1960s was called "soul," a form and a feeling that later took on the label of "funk." What's funk? It is a pulse, a compelling one. It is energy and



**James Brown, with Martha High, one of The Bittersweets, left, and Tomi Rae Hynie.**

sex in 4/4 time, heavy on the downbeat—the “one” as Brown counts it. If you don’t feel an irresistible urge to at least tap your foot, you’re taking life far too seriously.

What sets Brown's sound apart from that of such early soul contemporaries as Little Richard, and such later ones such as Wilson Pickett and Otis Redding, is a mixture of his personal aura and his signature tunes, most of which he wrote. Like Cab Calloway in the 1930s and '40s, there is a *joie de vivre* that pours from Brown when he performs, and it's contagious both to his band and the audience, especially in a small venue.

Calloway, referring to boogie-woogie, once sang, "We play waltzes, be-bop and jive, but here's the kind of music that keeps you alive!" Brown is to his musical generation what Calloway was to his own.

As for the songs themselves, the argument that Brown is one of the, say, five most influential artists in Western popular music over the past 30 years (coming soon as a doctoral thesis at Juilliard, or should be) can

be awfully persuasive. How many funk, rap and hip-hop artists found their core rhythms in Brown classics such as "Cold Sweat," "The Payback" and the lesser-known "Escape-ism"? How many bands electronically sample horn lines and screams from Brown's songs into their own recordings?

As for live performance, you only have to watch 10 minutes of Michael Jackson or the artist formerly known as Prince on-stage to know who they watched when they were kids.

At the Zenith, Brown and his band moved through medleys of his old powerhouse tunes: "Can't Stand It," "Papa's Got a Brand New Bag" and "Sex Machine," which make people smile and dance as much as they ever did. His latest single, "Funk on a Roll," mixes some of his old melodies with a new rap.

Brown showcased two singers he is producing, a husky-voiced blonde named Tommie Rae Hynie and a balladeer named Roosevelt Johnson, whose voice brings Al Green and

Luther Vandross to mind. The show also featured six female background singers, The Bittersweets, whose Gospel-like harmonies added a little silk to the sandpaper.

Brown says he holds a special place in his heart for France.

"When I was in prison," he said, referring to his 1988 conviction on weapons and assault charges, "President Mitterrand called President Bush and said, 'If you don't want James Brown over there, we'll take him in Paris.'"

Any professional regrets? "I wish I'd done a number with Sinatra. Mr. Sinatra was

Unlike some artists of his generation who continue to perform, Brown fortunately has not become a caricature of himself. Sure, he's a few steps slower at 65 than at 35, but he can still do it. His weathered face has seen a lot but he looks good. He says: he feels good.



**Jerry Hall and Mick Jagger are reportedly splitting up.**

**A** CENTURY after Oscar Wilde was disgraced and jailed for a homosexual affair, Britain has honored the playwright with a statue in central London—a monument depicting him with head in hands holding a cigarette. “I think it is wonderful, a wonderful monument for the people of London and of England,” said Stephen Fry, who played the central character in the film “Wilde.” “Showing him smoking is yet again a big finger shoved in the face of society,” Fry added. The statue near Trafalgar Square is the first significant monument in the capital to Wilde, whose works, including “The Importance of Being Earnest,” still draw huge audiences.

It was an all-star tribute to the singer and actor Paul Robeson with Harry Belafonte and Paul Robeson Jr. in charge. "Ol' Man River: A Centennial Salute to Paul Robeson," at Carnegie Hall, looked at the life of Robeson, the son of an escaped slave who became one of the country's definitive performers. F. Murray Abraham, Danny Glover

and Paul Newman were to portray scenes from Robeson's life.

**Jerry Hall, wife of the Rolling Stones singer Mick Jagger, will demand a divorce after reports in the British tabloid press alleged that he cheated on her with a Brazilian model, one of her lawyers said to the Sunday Mirror. "Jerry and Mick will be getting divorced and it will**

be pretty nasty," the American lawyer Raoul Felder told the newspaper. "Jerry would get a better deal in America, but I'm afraid the case may have to go ahead in Britain." The tabloids have dedicated pages recently to the claim that Luciana Morad, a 27-year-old model, is three months pregnant by Jagger.

The family of the late guitar great

**New York Times Service**

**NEW YORK** — Just when he thought things couldn't get any better, John Lee Hooker will now receive the 1999 Rhythm-and-Blues Foundation Lifetime Achievement Award.

The award comes on the heels of what has been a stellar year for the legendary bluesman. He celebrated his 50th anniversary as a recording artist, released a new CD, was honored by the Rock-and-Roll Hall of Fame, won two Grammy Awards, had a collector's edition guitar issued in his honor and witnessed the christening of John Lee Hooker Lane, which runs in front of the Delta Blues Museum in his hometown, Clarksdale, Mississippi. Not bad for the 81-year-old musician who said he started out with nothing but the shirt on his back. The award will be presented in Los Angeles on Feb. 25.

**Jim** Hendrix will release a documentary to accompany CD collections of some of Hendrix's most famous performances. Experience Hendrix — run by his father, Al Hendrix, and half-sister, Janie, — is to release the recordings and documentary early next year. Rolling Stone magazine reports in its December issue. The documentary includes concert footage and interviews with artists who credit Hendrix with influencing their work.

He's an American living in Germany, and to his adoptive country William Forsythe may be as well be Balanchine. That's the consensus among balletomanes who watched the choreographer transform Ballet Frankfurt from a regional company into an international contender after he took the helm in 1984. On Wednesday, after nearly a decade abroad, Forsythe will appear at the Brooklyn Academy of Music with his troupe for the U.S. premiere of his "Eidos: Telos," with music by the Dutch composer Thom Williams.



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